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National Defense Authorization Act...

ON

NATIONAL DEFENSE AUTHORIZATION ACT  
FOR FISCAL YEAR 1996—H.R. 1530

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED  
PROGRAMS

BEFORE THE

COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

---

FULL COMMITTEE HEARINGS  
ON  
AUTHORIZATION AND OVERSIGHT

---

HEARINGS HELD

FEBRUARY 8, 22, 23, 28; MARCH 2, 8, 22; MAY 3; AUGUST 2, 1995



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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1997

37-616

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104TH CONGRESS  
1ST SESSION

H. R. 1530

To authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1996, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 1995

MR. SPENCE (for himself and Mr. DELLUMS) (both by request) introduced the following bill; which was referred to the Committee on National Security

A BILL

To authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1996, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "National Defense Authorization Act for Fiscal Year 1996".

**SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

**TITLE I—PROCUREMENT**

Sec. 101. Army.

Sec. 102. Navy and Marine Corps.

Sec. 103. Air Force.

Sec. 104. Defense-wide activities.

Sec. 105. Defense Inspector General.

Sec. 106. Chemical demilitarization program.

Sec. 107. Defense health program.

Sec. 108. Repeal of requirement for separate budget request for procurement of reserve equipment.

**TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION**

Sec. 201. Authorization of appropriations.

**TITLE III—OPERATION AND MAINTENANCE**

**Subtitle A—Authorization of Appropriations**

Sec. 301. Operation and maintenance funding.

Sec. 302. Working capital funds.

Sec. 303. Repeal of limitations on activities of Defense Business Operations Fund.

Sec. 304. Amendments relating to the Ready Reserve Force component of the Ready Reserve Fleet.

**Subtitle B—Other Matters**

Sec. 321. Testing of Theater Missile Defense interceptors.

Sec. 322. Establishment of a Department of Defense Laboratory Revitalization Demonstration Program.

**TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS****Subtitle A—Active Forces**

Sec. 401. End strengths for active forces.

**Subtitle B—Reserve Forces**

Sec. 411. End strengths for Selected Reserve.

Sec. 412. End strengths for Reserves on active duty in support of the Reserves.

**Subtitle C—Military Training Student Loads**

Sec. 421. Authorization of training student loads.

**TITLE V—MILITARY PERSONNEL POLICY****Subtitle A—Officer Personnel Policy**

Sec. 501. Equalization of accrual of service credit for officers and enlisted members of the Armed Forces.

Sec. 502. Changes in general officer billet titles resulting from the reorganization of Headquarters, Marine Corps.

Sec. 503. Increase in the transition period for officers selected for early retirement.

Sec. 504. Revision in the authorized strength limitations for Air Force commissioned officers on active duty in the grade of major.

Sec. 505. Revision in the authorized strength limitations for Navy commissioned officers on active duty in grades of lieutenant commander, commander, and captain.

Sec. 506. Authorization of general or flag officer promotion zones.

**Subtitle B—Reserve Component Matters**

Sec. 511. Repeal of requirement for physical examination on calling militia into Federal service.

Sec. 512. Authority to prescribe the duration of field training or practice cruise required for admission to the Reserve Officers' Training Corps advanced course.

Sec. 513. Clarifying use of military morale, welfare, and recreation facilities by retired reservists.

Sec. 514. Objective to increase percentage of prior active duty personnel in the Selected Reserve.

Sec. 515. Wear of military uniform by National Guard technicians.

Sec. 516. Active duty retirement sanctuary for reservists.

**Subtitle C—Amendments to the Uniform Code of Military Justice**

Sec. 551. Definitions.

Sec. 552. Jurisdiction over civilians accompanying the forces in the field in time of armed conflict.

Sec. 553. Investigations.

Sec. 554. Refusal to testify before court-martial.

Sec. 555. Records of trial.

Sec. 556. Effective date of punishments.

Sec. 557. Deferment of confinement.

Sec. 558. Submission of matters to the convening authority for consideration.

Sec. 559. Proceedings in revision.

Sec. 560. Post-trial review of courts-martial.

Sec. 561. Appeal by the United States.

Sec. 562. Flight from apprehension.

Sec. 563. Carnal knowledge.

Sec. 564. Instruction in the Uniform Code of Military Justice.

**Subtitle D—Other Matters**

Sec. 571. Chief warrant officer promotions.

Sec. 572. Retirement of Director of Admissions, United States Military Academy, for years of service.

**TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS****Subtitle A—Pay and Allowances**

Sec. 601. Military pay raise for fiscal year 1996.

Sec. 602. Evacuation allowances that permits equal treatment of military dependents to civilians and their dependents.

Sec. 603. Continuous entitlement to career sea pay for crewmembers of ships designated as tenders.

Sec. 604. Increase in the subsistence allowance payable to members of senior Reserve Officer's Training Corps.

Sec. 605. Dislocation allowance (DLA) for base realignment and closure (BRAC) moves.

Sec. 606. Family separation allowance (FSA-ID).

Sec. 607. Authorization of payment of basic allowance for quarters to certain members of the uniformed services assigned to sea duty.

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**Subtitle F—Other Matters**

Sec. 651. Military clothing sales stores, replacement sales.

**TITLE VII—HEALTH CARE PROVISIONS**

**Subtitle A—Health Care Management**

Sec. 701. Codification and strengthening of CHAMPUS physician payment reform program.

Sec. 702. Repeal of certain limitations on reductions of medical personnel.

**Subtitle B—Other Matters**

Sec. 711. Closure of the Uniformed Services University of the Health Sciences.

Sec. 712. Repeal of the statutory restriction on use of funds for abortions.

**TITLE VIII—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT**

**Subtitle A—Secretarial Matters**

Sec. 801. Additional Assistant Secretary of Defense.

Sec. 802. Change in name of Assistant to the Secretary of Defense for Atomic Energy to Assistant to the Secretary of Defense for Nuclear and Chemical Programs.

**Subtitle B—Other Matters**

Sec. 811. Repeal of prohibition of contracting for firefighting and security guard functions at military facilities.

Sec. 812. Increase in unspecified minor construction threshold from \$1,500,000 to \$1,700,000 and the operation and maintenance threshold from \$300,000 to \$350,000.

Sec. 813. Annual report on National Guard and reserve component equipment.

**TITLE IX—GENERAL PROVISIONS**

Sec. 901. Authorization of transportation between residence and place of employment.

Sec. 902. Armed Forces historical preservation program.

Sec. 903. Amendments to education loan repayment programs.

**TITLE I—PROCUREMENT**

**SEC. 101. ARMY.**

(a) AIRCRAFT.—Funds are hereby authorized to be appropriated for procurement of aircraft for the Army as follows:

- (1) \$1,223,067,000 for fiscal year 1996.
- (2) \$843,391,000 for fiscal year 1997.

(b) MISSILES.—Funds are hereby authorized to be appropriated for procurement of missiles for the Army as follows:

- (1) \$676,430,000 for fiscal year 1996.
- (2) \$717,757,000 for fiscal year 1997.

(c) WEAPONS AND TRACKED COMBAT VEHICLES.—Funds are hereby authorized to be appropriated for procurement of weapons and tracked combat vehicles for the Army as follows:

- (1) \$1,298,986,000 for fiscal year 1996.
- (2) \$1,261,691,000 for fiscal year 1997.

(d) AMMUNITION.—Funds are hereby authorized to be appropriated for procurement of ammunition for the Army as follows:

- (1) \$795,015,000 for fiscal year 1996.
- (2) \$830,644,000 for fiscal year 1997.

(e) OTHER PROCUREMENT.—Funds are hereby authorized to be appropriated for procurement of ammunition for the Army as follows:

- (1) \$2,256,601,000 for fiscal year 1996.
- (2) \$2,198,702,000 for fiscal year 1997.

**SEC. 102. NAVY AND MARINE CORPS.**

(a) AIRCRAFT.—Funds are hereby authorized to be appropriated for procurement of aircraft for the Navy as follows:

- (1) \$3,886,488,000 for fiscal year 1996.
- (2) \$6,885,201,000 for fiscal year 1997.

(b) WEAPONS.—Funds are hereby authorized to be appropriated for procurement of weapons (including missiles and torpedoes) for the Navy as follows:

- (1) \$1,787,121,000 for fiscal year 1996.
- (2) \$1,714,337,000 for fiscal year 1997.

(c) SHIPBUILDING AND CONVERSION.—Funds are hereby authorized to be appropriated for shipbuilding and conversion for the Navy as follows:

- (1) \$5,051,935,000 for fiscal year 1996.

(2) \$3,941,565,000 for fiscal year 1997.

(d) OTHER PROCUREMENT, NAVY.—Funds are hereby authorized to be appropriated for other procurement for the Navy as follows:

(1) \$2,396,080,000 for fiscal year 1996.

(2) \$3,124,435,000 for fiscal year 1997.

(e) MARINE CORPS.—Funds are hereby authorized to be appropriated for procurement for the Marine Corps as follows:

(1) \$474,116,000 for fiscal year 1996.

(2) \$687,917,000 for fiscal year 1997.

#### **SEC. 103. AIR FORCE.**

(a) AIRCRAFT.—Funds are hereby authorized to be appropriated for procurement of aircraft for the Air Force as follows:

(1) \$6,183,886,000 for fiscal year 1996.

(2) \$6,576,934,000 for fiscal year 1997.

(b) MISSILES.—Funds are hereby authorized to be appropriated for procurement of missiles for the Air Force as follows:

(1) \$3,647,711,000 for fiscal year 1996.

(2) \$4,422,579,000 for fiscal year 1997.

(c) OTHER PROCUREMENT.—Funds are hereby authorized to be appropriated for other procurement for the Air Force as follows:

(1) \$6,804,696,000 for fiscal year 1996.

(2) \$6,904,630,000 for fiscal year 1997.

#### **SEC. 104. DEFENSE-WIDE ACTIVITIES.**

Funds are hereby authorized to be appropriated for Defense-wide procurement as follows:

(1) \$2,179,917,000 for fiscal year 1996.

(2) \$2,524,975,000 for fiscal year 1997.

#### **SEC. 105. DEFENSE INSPECTOR GENERAL.**

Funds are hereby authorized to be appropriated for procurement for the Inspector General of the Department of Defense as follows:

(1) \$1,000,000 for fiscal year 1996.

(2) \$1,800,000 for fiscal year 1997.

#### **SEC. 106. CHEMICAL DEMILITARIZATION PROGRAM.**

Funds are hereby authorized to be appropriated for the destruction of lethal chemical weapons in accordance with section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521) and the destruction of chemical warfare material of the United States that is not covered by section 1412 of such Act as follows:

(1) \$746,698,000 for fiscal year 1996.

(2) \$828,747,000 for fiscal year 1997.

#### **SEC. 107. DEFENSE HEALTH PROGRAM.**

Funds are hereby authorized to be appropriated for procurement for the Defense Health Program as follows:

(1) \$288,033,000 for fiscal year 1996.

(2) \$298,486,000 for fiscal year 1997.

#### **SEC. 108. REPEAL OF REQUIREMENT FOR SEPARATE BUDGET REQUEST FOR PROCUREMENT OF RESERVE EQUIPMENT.**

Section 114(e) of title 10, United States Code, is repealed.

## **TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION**

#### **SEC. 201. AUTHORIZATION OF APPROPRIATIONS.**

(a) FISCAL YEAR 1996.—Funds are hereby authorized to be appropriated for fiscal year 1996 for the use of the Armed Forces for research, development, test, and evaluation, as follows:

(1) For the Army, \$4,444,175,000.

(2) For the Navy, \$8,204,530,000.

(3) For the Air Force, \$12,598,439,000.

(4) For Defense-wide activities, \$9,084,809,000, of which—

(A) \$259,341,000 is authorized for the activities of the Director, Test and Evaluation; and

(B) \$22,587,000 is authorized for the Director of Operational Test and Evaluation.

(b) FISCAL YEAR 1997.—Funds are hereby authorized to be appropriated for fiscal year 1997 for the use of the Armed Forces for research, development, test, and evaluation, as follows:

- (1) For the Army, \$4,240,968,000.
- (2) For the Navy, \$7,716,920,000.
- (3) For the Air Force, \$11,655,554,000.
- (4) For Defense-wide activities, \$9,040,169,000, of which—
  - (A) \$267,029,000 is authorized for the activities of the Director, Test and Evaluation; and
  - (B) \$22,978,000 is authorized for the Director of Operational Test and Evaluation.

## TITLE III—OPERATION AND MAINTENANCE

### Subtitle A—Authorization of Appropriations

#### SEC. 301. OPERATION AND MAINTENANCE FUNDING.

(a) FISCAL YEAR 1996.—Funds are hereby authorized to be appropriated for fiscal year 1996 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense, for expenses, not otherwise provided for, for operation and maintenance, in amounts as follows:

- (1) For the Army, 18,184,736,000.
- (2) For the Navy, \$21,225,710,000.
- (3) For the Marine Corps, \$2,269,722,000.
- (4) For the Air Force, \$18,256,579,000.
- (5) For Defense-wide activities, \$10,366,782,000.
- (6) For the Army Reserve, \$1,068,591,000.
- (7) For the Naval Reserve, \$826,042,000.
- (8) For the Marine Corps Reserve, \$90,283,000.
- (9) For the Air Force Reserve, \$1,485,947,000.
- (10) For the Army National Guard, \$2,304,108,000.
- (11) For the Air National Guard, \$2,712,221,000.
- (12) For the Defense Inspector General, \$138,226,000.
- (13) For Drug Interdiction and Counter-drug Activities, Defense-wide, \$680,432,000.
- (14) For the United States Court of Appeals for the Armed Forces, \$6,521,000.
- (15) For Environmental Restoration Defense, \$1,622,200,000.
- (16) For Medical Programs, Defense, \$9,865,525,000.
- (17) For Humanitarian Assistance, \$79,790,000.
- (18) For Former Soviet Union Threat Reduction, \$371,000,000.
- (19) For Contributions for International Peacekeeping and Peace Enforcement Activities, Defense, \$65,000,000.
- (20) For support for the 1996 Summer Olympics, \$15,000,000.

(b) FISCAL YEAR 1997.—Funds are hereby authorized to be appropriated for fiscal year 1997 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense, for expenses, not otherwise provided for, for operation and maintenance, in amounts as follows:

- (1) For the Army, \$17,628,264,000.
- (2) For the Navy, \$20,254,507,000.
- (3) For the Marine Corps, \$2,285,047,000.
- (4) For the Air Force, \$18,346,851,000.
- (5) For the Defense-wide activities, \$10,492,192,000.
- (6) For the Army Reserve, \$1,033,630,000.
- (7) For the Naval Reserve, \$864,712,000.
- (8) For the Marine Corps Reserve, \$95,272,000.
- (9) For the Air Force Reserve, \$1,059,030,000.
- (10) For the Army National Guard, \$2,274,435,000.
- (11) For the Air National Guard, \$2,773,343,000.
- (12) For the Defense Inspector General, \$138,060,000.
- (13) For Drug Interdiction and Counter-drug Activities, Defense-wide, \$700,756,000.
- (14) For the United States Court of Appeals for the Armed Forces, \$6,586,000.
- (15) For Environmental Restoration Defense, \$1,622,200,000.
- (16) For Medical Programs, Defense, \$9,720,509,000.

(17) For Humanitarian Assistance, \$71,633,000.

(18) For Former Soviet Union Threat Reduction, \$364,400,000.

(19) For Contributions for International Peacekeeping and Peace Enforcement Activities, Defense, \$100,000,000.

**SEC. 302. WORKING CAPITAL FUNDS.**

(a) FISCAL YEAR 1996.—Funds are hereby authorized to be appropriated for fiscal year 1996 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for providing capital for working capital and revolving funds, in amounts as follows:

(1) For the Defense Business Operations Fund, \$878,700,000.

(2) For the National Defense Sealift Fund, \$974,220,000.

(b) FISCAL YEAR 1997.—Funds are hereby authorized to be appropriated for fiscal year 1997 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for providing capital for working capital and revolving funds, for the National Defense Sealift Fund, \$913,402,000.

**SEC. 303. REPEAL OF LIMITATION ON ACTIVITIES OF THE DEFENSE BUSINESS OPERATIONS FUND.**

Section 316 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (10 U.S.C. 2208 note) is amended—

(1) by striking out “(a)” and the second sentence in subsection (a); and

(2) by repealing subsection (b).

**SEC. 304. AMENDMENTS RELATING TO THE READY RESERVE FORCE COMPONENT OF THE READY RESERVE FLEET.**

Section 2218 of title 10, United States Code is amended—

(1) in subsection (c)—

(A) by striking out “and” at the end of subparagraph (C);

(B) by striking out the period at the end of subparagraph (D) and inserting “; and” in lieu thereof; and

(C) by adding the following new subparagraph at the end thereof:

“(E) expenses of the National Defense Reserve Fleet, as established by section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744).”; and

(2) in subsection (i), by striking out “Nothing” and inserting in lieu thereof

“Except as provided in subsection (c)(1)(E), nothing.”

## Subtitle B—Other Matters

**SEC. 391. TESTING OF THEATER MISSILE DEFENSE INTERCEPTORS.**

Section 237(a) of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1600) is amended to read as follows:

“(a) TESTING OF THEATER MISSILE DEFENSE INTERCEPTORS.—The Secretary of Defense may not approve a theater missile defense interceptor program proceeding beyond the Low-Rate Initial Production until the Secretary certifies to the congressional defense committees successful completion of Initial Operational Test and Evaluation (IOT&E) in which sufficient flight tests, involving multiple interceptors and multiple targets in the presence of realistic countermeasures, have been conducted, the results of which demonstrate the achievement by the interceptors of the weapons systems performance thresholds specified in the system baseline document established pursuant to section 2435(a)(1)(A) of title 10, United States Code, before the program entered engineering and manufacturing systems development. Modeling and simulation validated by ground and flight testing may be used to augment live fire testing to demonstrate weapons system performance goals.”.

**SEC. 392. ESTABLISHMENT OF A DEPARTMENT OF DEFENSE LABORATORY REVITALIZATION DEMONSTRATION PROGRAM.**

(a) PROGRAM REQUIRED.—The Secretary of Defense shall carry out a Department of Defense Laboratory Revitalization Demonstration Program. Under the program the Secretary may carry out minor military construction projects in accordance with subsection (b) and other applicable law to improve Department of Defense laboratories covered by the program.

(b) INCREASED MAXIMUM AMOUNTS APPLICABLE TO MINOR CONSTRUCTION PROJECTS.—For purpose of any military construction project carried out under the program—

(1) the amount provided in subsection (a)(1) of section 2805 of title 10, United States Code, shall be deemed to be \$3,000,000;

(2) the amount provided in subsection (b)(1) of such section shall be deemed to be \$1,500,000; and

(3) the amount provided in subsection (c)(1) of such section shall be deemed to be \$1,000,000.

(c) DESIGNATION OF COVERED LABORATORIES.—Not later than 30 days before commencing the program, the Secretary shall designate the Department of Defense laboratories that are to be covered by the program and notify Congress of the laboratories so designated. Only the designated laboratories may be covered by the program.

(d) REPORT.—Not later than September 30, 1999, the Secretary shall submit to Congress a report on the program. The report shall include the Secretary's conclusions and recommendations regarding the desirability and feasibility of extending the authority set forth in subsection (b) to cover all Department of Defense laboratories.

(e) EXCLUSIVITY OF PROGRAM.—Nothing in this section may be construed to limit any other authority provided by law for any military construction project at a Department of Defense laboratory covered by the program.

(f) DEFINITIONS.—In this section:

(1) The term "laboratory" includes—

(A) a research, engineering, and development center;

(B) a test and evaluation activity owned, funded, and operated by the Federal Government through the Department of Defense; and

(C) a supporting facility of a laboratory.

(2) The term "supporting facility", with respect to a laboratory, means any building or structure that is used in support of research, development, test, and evaluation at a laboratory.

(3) The term "Department of Defense laboratory" does not include a contractor owned laboratory.

(g) EXPIRATION OF AUTHORITY.—The Secretary may not carry out the program after September 30, 2000.

## TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

### Subtitle A—Active Forces

#### SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

(a) FISCAL YEAR 1996.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 1996, as follows:

(1) The Army, 495,000.

(2) The Navy, 428,000.

(3) The Marine Corps, 174,000.

(4) The Air Force, 388,200.

(b) FISCAL YEAR 1997.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 1997, as follows:

(1) The Army, 495,000.

(2) The Navy, 409,400.

(3) The Marine Corps, 174,000.

(4) The Air Force, 385,400.

### Subtitle B—Reserve Forces

#### SEC. 411. END STRENGTHS FOR SELECTED RESERVE.

(a) FISCAL YEAR 1996.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1996, as follows:

(1) The Army National Guard of the United States, 373,000.

(2) The Army Reserve, 230,000.

(3) The Naval Reserve, 98,608.

(4) The Marine Corps Reserve, 42,000.

(5) The Air National Guard of the United States, 109,458.

(6) The Air Force Reserve, 73,969.

(7) The Coast Guard Reserve, 8,000.

(b) FISCAL YEAR 1997.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 1997, as follows:

(1) The Army National Guard of the United States, 367,000.

(2) The Army Reserve, 215,000.

- (3) The Naval Reserve, 96,402.
- (4) The Marine Corps Reserve, 42,000.
- (5) The Air National Guard of the United States, 107,151.
- (6) The Air Force Reserve, 73,160.
- (7) The Coast Guard Reserve, 8,000.

(c) WAIVER AUTHORITY.—The Secretary of Defense may vary the end strength authorized by subsection (a) or subsection (b) by not more than 2 percent.

(d) ADJUSTMENTS.—The end strengths prescribed by subsection (a) or (b) for the Selected Reserve of any reserve component shall be proportionately reduced by—

(1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at the end of the fiscal year, and

(2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strengths of such units and by the total number of such individual members.

#### **SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.**

(a) FISCAL YEAR 1996.—Within the end strengths prescribed in section 411(a), the reserve components of the Armed Forces are authorized, as of September 30, 1996 , the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

- (1) The Army National Guard of the United States, 23,390.
- (2) The Army Reserve, 11,575.
- (3) The Naval Reserve, 17,490.
- (4) The Marine Corps Reserve, 2,285.
- (5) The Air National Guard of the United States, 9,817.
- (6) The Air Force Reserve, 628.

(b) FISCAL YEAR 1997.—Within the end strengths prescribed in section 411(b), the reserve components of the Armed Forces are authorized, as of September 30, 1997, the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

- (1) The Army National Guard of the United States, 23,040.
- (2) The Army Reserve, 11,550.
- (3) The Naval Reserve, 17,074.
- (4) The Marine Corps Reserve, 2,285.
- (5) The Air National Guard of the United States, 9,824.
- (6) The Air Force Reserve, 625.

## **Subtitle C—Military Training Student Loads**

#### **SEC. 421. AUTHORIZATION OF TRAINING STUDENT LOADS.**

(a) FISCAL YEAR 1996.—For fiscal year 1996 , the components of the Armed Forces are authorized average military training loads as follows:

- (1) The Army, 75,013.
- (2) The Navy, 44,238.
- (3) The Marine Corps, 26,095.
- (4) The Air Force, 33,232.

(b) FISCAL YEAR 1997.—For fiscal year 1997, the components of the Armed Forces are authorized average military training loads as follows:

- (1) The Army, 79,275.
- (2) The Navy, 44,121.
- (3) The Marine Corps, 27,255.
- (4) The Air Force, 35,522.

(c) SCOPE.—The average military training student loads authorized for an armed force under subsections (a) and (b) apply to the active and reserve components of that armed force.

(d) ADJUSTMENTS.—The average military student loads authorized in subsections (a) and (b) shall be adjusted consistent with the end strengths authorized

in subtitles A and B. The Secretary of Defense shall prescribe the manner in which such adjustments shall be apportioned.

## TITLE V—MILITARY PERSONNEL POLICY

### Subtitle A—Officer Personnel Policy

#### **SEC. 501. EQUALIZATION OF ACCRUAL OF SERVICE CREDIT FOR OFFICERS AND ENLISTED MEMBERS OF THE ARMED FORCES.**

(a) **ENLISTED SERVICE CREDIT.**—Section 972 of title 10, United States Code, is amended to read as follows:

#### **“§ 972. Enlisted members: required to make up time lost**

“An enlisted member of an armed force who—

“(1) deserts;

“(2) is absent from his organization, station, or duty for more than one day without proper authority, as determined by competent authority;

“(3) is confined by military or civilian authorities for more than one day before, during or after trial; or

“(4) is unable for more than one day, as determined by competent authority, to perform his duties because of intemperate use of drugs or alcoholic liquor, or because of disease or injury resulting from his misconduct;

is required, after his return to full duty, to serve for a period that, when added to the period that he served before his absence from duty, amounts to the term for which he was enlisted or inducted.”.

(b) **OFFICER SERVICE CREDIT.**—Chapter 49 of title 10, United States Code, is amended by inserting after section 972 the following new section:

#### **“§ 972a. Officers: service credit**

“(a) In the case of an officer of an armed force who—

“(1) deserts;

“(2) is absent from his organization, station, or duty for more than one day without proper authority, as determined by competent authority;

“(3) is confined by military or civilian authorities for more than one day before, during or after trial; or

“(4) is unable for more than one day, as determined by competent authority, to perform his duties because of intemperate use of drugs or alcoholic liquor, or because of disease or injury resulting from his misconduct;

the period of such desertion, absence, confinement, or inability to perform duties may not be counted in computing, for any purpose other than basic pay under section 205 of title 37, the officer’s length of service.”.

(c) **ARMY COMPUTATION OF YEARS OF SERVICE.**—Section 3926 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(e) Time identified in section 972a of this title may not be counted in computing years of service under this section.”.

(d) **NAVY COMPUTATION OF YEARS OF SERVICE.**—Chapter 571 of title 10, United States Code, is amended by inserting after section 6327 the following new section:

#### **“§ 6328. Computation of years of service: voluntary retirement**

(a) **ENLISTED MEMBERS.**—Time required to be made up under section 972 of this title may not be counted in computing years of service under this chapter.

(b) **OFFICERS.**—Time identified in section 972a of this title may not be counted in computing years of service under this chapter.”.

(e) **AIR FORCE COMPUTATION OF YEARS OF SERVICE.**—Section 8926 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(d) Time identified in section 972a of this title may not be counted in computing years of service under this section.”.

(f) **CLERICAL AMENDMENTS.**—

(1) The table of sections at the beginning of chapter 49 of title 10, United States Code, is amended by inserting after the item relating to section 972 the following new item:

(2) The table of sections at the beginning of chapter 571 of title 10, United States Code, is amended by inserting after the item relating to section 6327 the following new item:

"6328. Computation of years of service: voluntary retirement."

(g) EFFECTIVE DATE AND APPLICABILITY.—The amendments made by this section shall take effect on October 1, 1995, and shall apply to time identified in sections 972 or 972a of title 10, United States Code, that occurs after such effective date.

**SEC. 502. CHANGES IN GENERAL OFFICER BILLET TITLES RESULTING FROM THE REORGANIZATION OF HEADQUARTERS, MARINE CORPS.**

(a) HEADQUARTERS, MARINE CORPS: FUNCTION; COMPOSITION.—Section 5041(b) of title 10, United States Code, is amended to read as follows:

"(b) The Headquarters, Marine Corps, is composed of the following:

"(1) The Commandant of the Marine Corps.

"(2) The Vice Commandant of the Marine Corps.

"(3) Director of the Marine Corps Staff.

"(4) Deputy Commandants of the Marine Corps.

"(5) Assistant Commandants of the Marine Corps.

"(6) Other members of the Navy and Marine Corps assigned or detailed to the Headquarters, Marine Corps.

"(7) Civilian employees in the Department of the Navy assigned or detailed to the Headquarters, Marine Corps."

(b) VICE COMMANDANT OF THE MARINE CORPS.—Section 5044 is amended—

(1) by amending the heading to read as follows:

**“§ 5044. Vice Commandant of the Marine Corps”;**

and

(2) by striking out "Assistant Commandant" in each place it appears and inserting in lieu thereof "Vice Commandant" in each instance.

(c) DIRECTOR OF THE MARINE CORPS STAFF; DEPUTY AND ASSISTANT COMMANDANTS OF THE MARINE CORPS.—Section 5045 of title 10, United States Code, and its heading are amended to read as follows:

**“§ 5045. Director of the Marine Corps Staff; Deputy and Assistant Commandants of the Marine Corps”**

"There are in the Headquarters, Marine Corps, a Director of the Marine Corps Staff, not more than five Deputy Commandants of the Marine Corps, and not more than three Assistant Commandants of the Marine Corps, detailed by the Secretary of the Navy from officers of the active-duty list of the Marine Corps."

(d) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 506 of title 10, United States Code, is amended by striking out the items relating to sections 5044 and 5045 and inserting in lieu thereof the following new items:

"5044. Vice Commandant of the Marine Corps.

"5045. Director of the Marine Corps Staff; Deputy and Assistant Commandants of the Marine Corps."

**SEC. 503. INCREASE IN THE TRANSITION PERIOD FOR OFFICERS SELECTED FOR EARLY RETIREMENT.**

(a) SELECTIVE RETIREMENT OF WARRANT OFFICERS.—Section 581 of title 10, United States Code, is amended—

(1) in subsection (b), by striking out "seventh" and inserting in lieu thereof "tenth"; and

(2) by adding at the end the following new subsection:

"(e) The Secretary concerned may defer the retirement of an officer otherwise approved for early retirement under this section for not more than 90 days in order to prevent a personal hardship for the officer or for other humanitarian reasons."

(b) SELECTIVE EARLY RETIREMENT OF ACTIVE-DUTY OFFICERS.—Section 638(b) of title 10, United States Code, is amended—

(1) in paragraph (1)(A), by striking out "seventh" and inserting in lieu thereof "tenth"; and

(2) by adding at the end the following new paragraph:

"(3) The Secretary concerned may defer the retirement of an officer otherwise approved for early retirement under this section or section 638a of this title for not more than 90 days, in order to prevent a personal hardship for the officer or for other humanitarian reasons."

(c) PERSONNEL STRENGTHS: REQUIREMENT FOR ANNUAL AUTHORIZATION.—Section 115(d) of title 10, United States Code, is amended by adding at the end the following new paragraph:

"(8) Members selected for early retirement under section 581 or section 638 of this title whose retirement has been deferred under section 581(e) or section 638(b)(3) of this title.".

**SEC. 504. REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS FOR AIR FORCE COMMISSIONED OFFICERS ON ACTIVE DUTY IN THE GRADE OF MAJOR.**

(a) **REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS.**—Notwithstanding section 523(a)(1) of title 10, United States Code, and except as provided in section 523(c) of title 10, United States Code, of the total number of commissioned officers serving on active duty in the Air Force at the end of any fiscal year up to and including fiscal year 1997 (excluding officers in categories specified in section 523(b) of title 10, United States Code), the number of officers who may be serving on active duty in each of the grades of major, lieutenant colonel and colonel may not, as of the end of such fiscal year, exceed a number determined in accordance with the following table:

Total number of commissioned officers (excluding officers in categories specified in section 523(b) of title 10, United States Code) on active duty:	Number of officers who may be serving on active duty in grade of:		
	Major	Lieutenant Colonel	Colonel
Air Force:			
70,000 .....	14,612	9,428	3,392
75,000 .....	15,407	9,801	3,573
80,000 .....	16,202	10,175	3,754
85,000 .....	16,997	10,549	3,935
90,000 .....	17,792	10,923	4,115
95,000 .....	18,587	11,297	4,296
100,000 .....	19,382	11,671	4,477
105,000 .....	20,177	12,045	4,658
110,000 .....	20,971	12,418	4,838
115,000 .....	21,766	12,792	5,019
120,000 .....	22,561	13,165	5,200
125,000 .....	23,356	13,539	5,381

(b) **EXPIRATION OF AUTHORITY.**—The revision in the authorized strength limitations under subsection (a) expires at the close of September 30, 1997.

**SEC. 505. REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS FOR NAVY COMMISSIONED OFFICERS ON ACTIVE DUTY IN GRADES OF LIEUTENANT COMMANDER, COMMANDER, AND CAPTAIN.**

(a) **REVISION IN THE AUTHORIZED STRENGTH LIMITATIONS.**—Notwithstanding section 523(a)(2) of title 10, United States Code, and except as provided in section 523(c) of title 10, United States Code, of the total number of commissioned officers serving on active duty in the Navy at the end of any fiscal year up to and including fiscal year 1997 (excluding officers in categories specified in section 523(b) of title 10, United States Code), the number of officers who may be serving on active duty in each of the grades of lieutenant commander, commander, and captain may not, as of the end of such fiscal year, exceed a number determined in accordance with the following table:

Total number of commissioned officers (excluding officers in categories specified in section 523(b) of title 10, United States Code) on active duty:	Number of officers who may be serving on active duty in grade of:		
	Lieutenant Commander	Commander	Captain
Navy:			
45,000 .....	10,034	6,498	2,801
48,000 .....	10,475	6,706	2,902
51,000 .....	10,916	6,912	3,002
54,000 .....	11,357	7,120	3,103
57,000 .....	11,798	7,328	3,204
60,000 .....	12,239	7,535	3,305
63,000 .....	12,680	7,742	3,406
66,000 .....	13,121	7,949	3,506
70,000 .....	13,709	8,226	3,641

Total number of commissioned officers (excluding officers in categories specified in section 523(b) of title 10, United States Code) on active duty:	Number of officers who may be serving on active duty in grade of:		
	Lieutenant Commander	Commander	Captain
90,000	16,649	9,608	4,313

(b) EXPIRATION OF AUTHORITY.—The revision in the authorized strength limitations under subsection (a) expires at the close of September 30, 1997.

#### SEC. 506. AUTHORIZATION OF GENERAL OR FLAG OFFICER PROMOTION ZONES.

Section 645 of title 10, United States Code, is amended—

(1) by amending paragraph (1) to read as follows:

“(1) The term ‘promotion zone’ means a promotion eligibility category consisting of the officers on an active-duty list in the same grade and competitive category who—

“(A) are senior to the officer designated by the Secretary of the military department concerned to be the junior officer in the promotion zone eligible for consideration for promotion to the next higher grade together with the junior officer so designated; and

“(B) in the case of officers in grades below colonel, for officers of the Army, Air Force, and Marine Corps, or captain, for officers of the Navy, neither—

“(i) have failed of selection for promotion to the next higher grade; nor

“(ii) have been removed from a list of officers recommended for promotion to that grade (other than after having been placed on that list after a selection from below the promotion zone).”; and

(2) in paragraph (2), by inserting “below the grade of colonel for officers of the Army, Air Force, and Marine Corps, or captain for officers of the Navy,” after “a group of officers”.

## Subtitle B—Reserve Component Matters

#### SEC. 511. REPEAL OF REQUIREMENT FOR PHYSICAL EXAMINATION ON CALLING MILITIA INTO FEDERAL SERVICE.

(a) REPEAL OF REQUIREMENT.—Section 12408 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 1209 is amended by striking out the item relating to section 12408.

#### SEC. 512. AUTHORITY TO PRESCRIBE THE DURATION OF FIELD TRAINING OR PRACTICE CRUISE REQUIRED FOR ADMISSION TO THE RESERVE OFFICERS' TRAINING CORPS ADVANCED COURSE.

Section 2104(b)(6)(A)(ii) of title 10, United States Code, is amended by striking out “not less than six weeks” and inserting in lieu thereof “a”.

#### SEC. 513. CLARIFYING USE OF MILITARY MORALE, WELFARE, AND RECREATION FACILITIES BY RETIRED RESERVISTS.

Section 1065(a) of title 10, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following new sentences: “Such use by members of the Selected Reserve, and the dependents of such members, shall be permitted on the same basis as members on active duty. Such use by members who would be eligible for retired pay under chapter 67 of this title but for the fact that the members are under 60 years of age, and the dependents of such members, shall be permitted on the same basis as retirees from active duty military service.”.

#### SEC. 514. OBJECTIVE TO INCREASE PERCENTAGE OF PRIOR ACTIVE DUTY PERSONNEL IN THE SELECTED RESERVE.

Section 1111(a) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 3077 note) is amended to read as follows:

“(a) OBJECTIVE TO INCREASE PERCENTAGE.—The Secretary of the Army shall have an objective of increasing the percentage of qualified prior active duty personnel in the Selected Reserve.”.

#### SEC. 515. WEAR OF MILITARY UNIFORM BY NATIONAL GUARD TECHNICIANS.

(a) TECHNICIANS: EMPLOYMENT, USE, STATUS.—Section 709(b) of title 32, United States Code, is amended to read as follows:

"(b) Except as prescribed by the Secretary concerned, a technician employed under subsection (a) shall, while so employed, be a member of the National Guard, hold the military grade specified by the Secretary concerned for that position, and wear the military uniform appropriate for the member's grade and component of the armed forces while performing duties as a technician."

(b) **UNIFORM ALLOWANCE: OFFICERS; GENERAL PROVISIONS.**—Section 417 of title 37, United States Code, is amended by inserting at the end the following new subsection:

"(d) Service as a National Guard technician by a person who is an officer and is required to wear a military uniform pursuant to section 709(b) of title 32 shall be considered active duty (other than for training) for purposes of sections 415 and 416 of this title. Section 1593 of title 10, United States Code, and section 5901 of title 5, United States Code, shall not apply to a National Guard technician who receives a uniform allowance under this Chapter."

(c) **CLOTHING ALLOWANCE: ENLISTED MEMBERS.**—Section 418 of title 37, United States Code, is amended by inserting at the end the following new sentences: "In determining the quantity and kind of clothing and allowances to be furnished under this section to a member who is a National Guard technician, the President shall take into account the requirement that such person wear a military uniform pursuant to section 709(b) of title 32. Section 1593 of title 10, United States Code, and section 5901 of title 5, United States Code, shall not apply to a National Guard technician furnished clothing or allowances under this section."

#### **SEC. 516. ACTIVE DUTY RETIREMENT SANCTUARY FOR RESERVISTS.**

Section 1163(d) of title 10, United States Code, is amended—

- (1) by designating the existing matter as paragraph (1); and
- (2) by adding at the end the following new paragraph:

"(2) The regulations prescribed under paragraph (1) may except from the prohibition on involuntary release in that paragraph members who serve on active duty (other than for training) under section 672(d) of this title under orders specifying a period of less than 180 days provided that the member is informed of and consents to such exception prior to entry on active duty."

## **Subtitle C—Amendments to the Uniform Code of Military Justice**

#### **SEC. 551. DEFINITIONS.**

Section 801 (article 1) of title 10, United States Code, is amended by inserting after paragraph (14) the following new paragraphs:

"(15) The term 'classified information' means any information or material that has been determined by the United States Government pursuant to an Executive order, statute, or regulation, to require protection against unauthorized disclosure for reasons of national security, and any restricted data, as defined in section 2014(y) of title 42, United States Code.

"(16) The term 'national security' means the national defense and foreign relations of the United States.

"(17) The term 'armed conflict' means operations in which members of the United States armed forces are involved as combatants in military actions, operations, or hostilities against an enemy of the United States or against an organized opposing foreign armed force regardless of whether or not a war or national emergency has been declared by the President of the United States or the Congress of the United States."

#### **SEC. 552. JURISDICTION OVER CIVILIANS ACCOMPANYING THE FORCES IN THE FIELD IN TIME OF ARMED CONFLICT.**

Section 802(a)(10) (article 2(a)(10)) of title 10, United States Code, is amended to read as follows:

"(10) In time of armed conflict, persons serving with or accompanying an armed force in the field."

#### **SEC. 553. INVESTIGATIONS.**

Section 832 (article 32) of title 10, United States Code, is amended—

- (1) by redesignating subsection (d) as subsection (e); and
- (2) by inserting after subsection (c) the following new subsection:

"(d) If during an investigation under this article, the evidence indicates that the accused may have committed an uncharged offense or offenses, the investigating officer is authorized to investigate the subject matter of such offense or offenses before the accused has been charged with such offense or offenses. If the accused was

present at such investigation, was informed of the nature of the uncharged offense or offenses, and was afforded the opportunities for representation, cross-examination, and presentation prescribed in subsection (b), no further investigation of such offense or offenses is necessary under this article.”.

#### **SEC. 554. REFUSAL TO TESTIFY BEFORE COURT-MARTIAL.**

Section 847(b) (article 47(b)) of title 10, United States Code, is amended to read as follows:

“(b) Any person who commits an offense named in subsection (a) shall be tried on indictment or information in a United States district court or in a court of original criminal jurisdiction in any of the Territories, Commonwealths, or possessions of the United States, and jurisdiction is conferred upon those courts for that purpose. Upon conviction, such person shall be punished by fine or imprisonment, or both, at the court’s discretion.”.

#### **SEC. 555. RECORDS OF TRIAL.**

Section 854(c)(1)(A) (article 54(c)(1)(A)) of title 10, United States Code, is amended to read as follows:

“(A) in each general court-martial case in which the sentence adjudged includes death, dismissal of a commissioned officer, cadet, or midshipman, dishonorable or bad-conduct discharge, or confinement for one year or more; and”.

#### **SEC. 556. EFFECTIVE DATE OF PUNISHMENTS.**

Section 857(a) (article 57(a)) of title 10, United States Code, is amended to read as follows:

“(a) Unless otherwise directed by the convening authority, forfeitures of pay, allowances, or both, and reduction in grade shall be effective on the date adjudged and, in the case of forfeiture, may be collected from pay accruing on and after that date. Periods during which a sentence to forfeiture of pay, allowances, or both, is suspended or deferred, shall be excluded in computing the duration of forfeiture.”.

#### **SEC. 557. DEFERMENT OF CONFINEMENT.**

(a) IN GENERAL.—Subchapter VIII of chapter 47 of title 10, United States Code, is amended by inserting after section 857 (article 57) the following new section (article):

##### **“§ 857a. Art. 57a. Deferment of confinement**

“(a) On application by an accused who is under sentence to confinement that has not been ordered executed, the convening authority or, if the accused is no longer under his jurisdiction, the officer exercising general court-martial jurisdiction over the command to which the accused is currently assigned, may in his sole discretion defer service of the sentence to confinement. The deferment shall terminate when the sentence is ordered executed. The deferment may be rescinded at any time by the officer who granted it or, if the accused is no longer under his jurisdiction, by the officer exercising general court-martial jurisdiction over the command to which the accused is assigned.

“(b) The Secretary concerned, and, when designated by him, any Under Secretary, Assistant Secretary, Judge Advocate General, or any commanding officer may, during the pendency of a review of the accused’s court-martial conducted pursuant to section 867(a)(2) of this title (article 67(a)(2)), defer further service of a sentence to confinement which has been ordered executed.

“(c) When an accused in the custody of a state or foreign country is returned temporarily to military authorities for trial and later returned to the sending state or country under the authority of a mutual agreement or treaty, the convening authority may defer service of the sentence to confinement without the consent of the accused. The deferment will terminate when the accused is released permanently to military authorities by the state or country in whose custody the accused is being held.

“(d) The President shall prescribe such regulations as are necessary to provide for granting, with or without conditions, and rescinding deferments provided for under this section.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter VIII of chapter 47 of title 10, United States Code, is amended by inserting after the item relating to section 857 (article 57) the following new item:

“857a. 57a. Deferment of confinement.”.

(c) CONFORMING AMENDMENT.—Section 857 (article 57) of title 10, United States Code, is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

**SEC. 558. SUBMISSION OF MATTERS TO THE CONVENING AUTHORITY FOR CONSIDERATION.**

Section 860(b)(1) (article 60(b)(1)) of title 10, United States Code, is amended to read as follows:

“(b)(1) The accused may submit to the convening authority written matters for consideration by the convening authority with respect to the findings and sentence. Except in a summary court-martial case, such a submission shall be made within 10 days after the accused has been given an authenticated record of trial and, if applicable, the recommendation of the staff judge advocate or legal officer under subsection (d). In a summary court-martial case, such submission shall be made within seven days after the sentence is announced.”.

**SEC. 559. PROCEEDINGS IN REVISION.**

Section 860(e) (article 60(e)) of title 10, United States Code, is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

“(3) Notwithstanding any other provision in this section, a proceeding in revision may be ordered, prior to authentication of the record of trial by the military judge, to correct an erroneously announced sentence.”.

**SEC. 560. POST-TRIAL REVIEW OF COURTS-MARTIAL.**

(a) **WAIVER OF WITHDRAWAL OF APPEAL.**—Section 861(c) (article 61(c)) of title 10, United States Code, is amended to read as follows:

“(c) A waiver of the right to appellate review or the withdrawal of an appeal bars review under section 866 or 869(a) of this title (article 66 or 69(a)) or an application for relief under section 869(b) of this title (article 69(b)).”.

(b) **REVIEW IN THE OFFICE OF THE JUDGE ADVOCATE GENERAL.**—Section 869(b) (article 69(b)) of title 10, United States Code, is amended to read as follows:

“(b) Unless the accused has waived or withdrawn the right to appellate review under section 861 of this title (article 61), the findings or sentence, or both, in a court-martial case not reviewed under subsection (a) or under section 866 of this title (article 66) may be modified or set aside, in whole or in part, by the Judge Advocate General on the ground of newly discovered evidence, fraud on the court, lack of jurisdiction over the accused or the offense, error prejudicial to the substantial rights of the accused, or the appropriateness of the sentence. The application must be filed in the office of the Judge Advocate General by the accused on or before the last day of the two-year period beginning on the date the sentence is approved under section 860(c) of this title (article 60(c)), unless the accused establishes good cause for failure to file within that time.”.

**SEC. 561. APPEAL BY THE UNITED STATES.**

Section 862(a)(1) (article 62(a)(1)) of title 10, United States Code, is amended to read as follows:

“(a)(1) In a trial by court-martial in which a military judge presides and in which a punitive discharge may be adjudged, the United States may appeal an order or ruling of the military judge which terminates the proceedings with respect to a charge or specification or which excludes evidence that is substantial proof of a fact material in the proceeding, or, an order or ruling which directs the disclosure of classified information, imposes sanctions for nondisclosure of classified information, or which refuses to issue a protective order sought by the United States to prevent the disclosure of classified information, or refuses to enforce such an order previously issued by appropriate authority. The United States may not appeal an order or ruling that is or that amounts to, a finding of not guilty with respect to the charge or specification.”.

**SEC. 562. FLIGHT FROM APPREHENSION.**

(a) **IN GENERAL.**—Section 895 (article 95) of title 10, United States Code, is amended to read as follows:

**“§ 895. Art. 95. Resistance, flight, breach of arrest, and escape**

“Any person subject to this chapter who resists or flees from apprehension or breaks arrest or who escapes from custody or confinement shall be punished as a court-martial may direct.”.

(b) **CLERICAL AMENDMENT.**—The item relating to section 895 (article 95) in the table of sections at the beginning of subchapter X of chapter 47 of title 10, United States Code, is amended to read as follows:

“895. 95. Resistance, flight, breach of arrest, and escape.”.

**SEC. 583. CARNAL KNOWLEDGE.**

(a) **GENDER NEUTRAL.**—Section 920(b) (article 120(b)) of title 10, United States Code, is amended to read:

“(b) Any person subject to this chapter who, under circumstances not amounting to rape, commits an act of sexual intercourse with a person—

“(1) who is not his or her spouse; and

“(2) who has not attained the age of sixteen years;

is guilty of carnal knowledge and shall be punished as a court-martial may direct.”.

(b) **MISTAKE OF FACT.**—Section 920 (article 120) of title 10, United States Code, is amended by adding at the end the following subsection:

“(d) In a prosecution under subsection (b) of this section, it is a defense, that the accused must establish by a preponderance of the evidence, that, at the time of the alleged offense—

“(1) the person with whom the accused committed the act of sexual intercourse had attained the age of 12 years; and

“(2) the accused reasonably believed that the person with whom the accused committed the act of sexual intercourse had attained the age of 16 years.”.

**SEC. 584. INSTRUCTION IN THE UNIFORM CODE OF MILITARY JUSTICE.**

Section 937(a)(1) (article 137(a)(1)) of title 10, United States Code, is amended to read as follows:

“(a)(1) The sections of this title (articles of the Uniform Code of Military Justice) specified in paragraph (3) shall be carefully explained to each enlisted member at the time of (or within fourteen days after)—

“(A) the member's initial entrance on active duty; or

“(B) the member's initial entrance into a duty status with a reserve component.”.

**Subtitle D—Other Matters****SEC. 571. CHIEF WARRANT OFFICER PROMOTIONS.**

(a) **REDUCTION OF MINIMUM TIME IN GRADE REQUIRED FOR CHIEF WARRANT OFFICER TO BE CONSIDERED FOR PROMOTION.**—Section 574(e) of title 10, United States Code, is amended by striking out “three” and inserting in lieu thereof “two”.

(b) **AUTHORIZATION OF BELOW-ZONE SELECTION FOR PROMOTION TO GRADE OF CHIEF WARRANT OFFICER.**—Section 575(b) of title 10 is amended by inserting “chief warrant officer, W-3,” after “to consider warrant officers for selection for promotion to the grade of”.

**SEC. 572. RETIREMENT OF DIRECTOR OF ADMISSIONS, UNITED STATES MILITARY ACADEMY, FOR YEARS OF SERVICE.**

(a) **IN GENERAL.**—Section 3920 of title 10, United States Code, is amended—

(1) by amending the heading to read as follows:

**“§ 3920. More than thirty years: permanent professors and the Director of Admissions of United States Military Academy”;**

and

(2) by inserting “or the Director of Admissions” after “permanent professor”.

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 367 of title 10, United States Code, is amended by amending the item relating to section 3920 to read as follows:

“3920. More than thirty years: permanent professors and the Director of Admissions of United States Military Academy.”.

**TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS****Subtitle A—Pay and Allowances****SEC. 601. MILITARY PAY RAISE FOR FISCAL YEAR 1996.**

(a) **WAIVER OF SECTION 1009 ADJUSTMENT.**—Any adjustment required by section 1009 of title 37, United States Code, in elements of compensation of members of the uniformed services to become effective during fiscal year 1996 shall not be made.

(b) INCREASE IN BASIC PAY AND BAS.—Effective on January 1, 1996, the rates of basic pay and basic allowance for subsistence of members of the uniformed services are increased by 2.4 percent.

(c) INCREASE IN BAQ.—Effective on January 1, 1996, the rates of basic allowance for quarters of members of the uniformed services are increased by 3.4 percent.

**SEC. 602. EVACUATION ALLOWANCES THAT PERMITS EQUAL TREATMENT OF MILITARY DEPENDENTS TO CIVILIANS AND THEIR DEPENDENTS.**

(a) EQUAL TREATMENT OF MILITARY DEPENDENTS TO CIVILIANS AND THEIR DEPENDENTS.—Section 405a(a) of title 37, United States Code, is amended by striking out “ordered” each place it appears and inserting in lieu thereof “officially authorized or ordered”.

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendment made subsection (a) shall take effect on October 1, 1995, and shall apply to persons ordered or authorized to evacuate in accordance with section 405a, as revised by this Act, on or after such date.

**SEC. 603. CONTINUOUS ENTITLEMENT TO CAREER SEA PAY FOR CREWMEMBERS OF SHIPS DESIGNATED AS TENDERS.**

Section 305a(d)(1)(A) of title 37, United States Code, is amended by inserting “, or while serving as a member of a tender-class ship (with the hull classification of submarine or destroyer)” after “the off-crew of a two-crewed submarine”.

**SEC. 604. INCREASE IN THE SUBSISTENCE ALLOWANCE PAYABLE TO MEMBERS OF SENIOR RESERVE OFFICER'S TRAINING CORPS.**

(a) INCREASE.—Section 209(a) of title 37, United States Code, is amended by striking out “\$150 a month” in the first sentence and inserting in lieu thereof “\$200 a month”.

(b) APPLICATION OF INCREASE.—

(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply with respect to months beginning after August 31, 1996.

(2) Upon the approval of the Secretary of Defense, the Secretary of a military department may implement such amendments at an earlier date with respect to members of the Senior Reserve Officer's Training Corps under the jurisdiction of the Secretary if funds are available for the monthly subsistence allowances authorized by such amendments.

**SEC. 605. DISLOCATION ALLOWANCE (DLA) FOR BASE REALIGNMENT AND CLOSURE (BRAC) MOVES.**

Section 407(a)(1) of title 37, United States Code, is amended by inserting “directed order to move as a result of a base realignment or closure or” before “change of permanent station.”.

**SEC. 606. FAMILY SEPARATION ALLOWANCE (FSA-II).**

Section 427(b)(3) of title 37, United States Code, is amended by inserting “subparagraph (A) of” after “not entitled to an allowance under”.

**SEC. 607. AUTHORIZATION OF PAYMENT OF BASIC ALLOWANCE FOR QUARTERS TO CERTAIN MEMBERS OF THE UNIFORMED SERVICES ASSIGNED TO SEA DUTY.**

(a) IN GENERAL.—Section 403(c)(2) of title 37, United States Code, is amended—

(1) in the first sentence, by striking out “E-7” and inserting in lieu thereof “E-6”; and

(2) in the second sentence, by striking out “E-6” and inserting in lieu thereof “E-5”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as of July 1, 1996.

## **Subtitle B—Bonuses and Special and Incentive Pays**

**SEC. 611. AVIATION CAREER INCENTIVE PAY (ACIP) GATES.**

Section 301a(a)(4) of title 37, United States Code, is amended by striking out “9” in the first sentence and inserting in lieu thereof “8”.

**SEC. 612. EXPIRING AUTHORITIES.**

(a) SELECTED RESERVE REENLISTMENT BONUS.—Section 308b(f) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(b) SELECTED RESERVE ENLISTMENT BONUS.—Section 308c(e) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(c) SELECTED RESERVE AFFILIATION BONUS.—Section 308e(e) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(d) READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.—Section 308h(g) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(e) PRIOR SERVICE ENLISTMENT BONUS.—Section 308i(i) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(f) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2130a(a)(1) of title 10, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(g) ACCESSION BONUS FOR REGISTERED NURSES.—Section 302d(a)(1) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(h) INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 302e(a)(1) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(i) REENLISTMENT BONUS FOR ACTIVE MEMBERS.—Section 308(g) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(j) ENLISTMENT BONUS FOR CRITICAL SKILLS.—Section 308a(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(k) BONUS FOR ENLISTMENT IN THE ARMY.—Section 308f(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(l) SPECIAL PAY FOR ENLISTED MEMBERS OF THE SELECTED RESERVE ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.—Section 308d(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(m) REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.—Section 2172(d) of title 10, United States Code, is amended by striking out “October 1, 1996”, and inserting in lieu thereof “October 1, 1998”.

(n) SPECIAL PAY FOR CRITICALLY SHORT WARTIME HEALTH SPECIALISTS IN THE SELECTED RESERVES.—Section 613(d) of the National Defense Authorization Act, Fiscal Year 1989 (37 U.S.C. 302 note) is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 1998”.

(o) SPECIAL PAY FOR NUCLEAR QUALIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(e) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 2000”.

(p) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(c) of title 37, United States Code, is amended by striking out “September 30, 1996” and inserting in lieu thereof “September 30, 2000”.

(q) NUCLEAR CAREER ANNUAL INCENTIVE BONUS.—Section 312c(d) of title 37, United States Code, is amended by striking out “October 1, 1996” and inserting in lieu thereof “October 1, 2000”.

(r) GRADE DETERMINATION AUTHORITY FOR CERTAIN RESERVE MEDICAL OFFICERS.—Sections 3359(b) and 8359(b) of title 10, United States Code, are each amended by striking out “September 30, 1995” and inserting in lieu thereof “September 30, 1996”.

(s) PROMOTION AUTHORITY FOR CERTAIN RESERVE OFFICERS SERVING ON ACTIVE DUTY.—Sections 3380(d) and 8380(d) of title 10, United States Code, are each amended by striking out “September 30, 1995” and inserting in lieu thereof “September 30, 1996”.

(t) YEARS OF SERVICE FOR MANDATORY TRANSFER TO THE RETIRED RESERVE.—Section 1016(d) of the Department of Defense Authorization Act, 1984 (10 U.S.C. 3360) is amended by striking out “September 30, 1995” and inserting in lieu thereof “September 30, 1996”.

(u) MAKE PERMANENT THE AVIATION OFFICER RETENTION BONUS.—Section 301b(a) of title 37, United States Code, is amended by striking out “, during the period beginning on January 1, 1989, and ending on September 30, 1996.”.

(v) MAKE PERMANENT THE AUTHORITY FOR TEMPORARY PROMOTIONS OF CERTAIN NAVY LIEUTENANTS.—Section 5721 of title 10, United States Code, is amended by striking out subsection (f).

(w) MAKE PERMANENT THE AUTHORITY FOR SPECIALIZED TREATMENT FACILITY PROGRAM.—Section 1105 of title 10, United States Code, is amended by striking out subsection (h).

## Subtitle C—Travel and Transportation Allowances

### SEC. 621. AUTHORITY TO EXPEND APPROPRIATED FUNDS TO PAY CERTAIN ACTUAL EXPENSES OF RESERVISTS.

Section 404(j) of title 37, United States Code, is amended—

(1) in paragraph (1), by striking out the period at the end of the paragraph and inserting in lieu thereof “or, if transient government quarters are unavailable, may provide contract quarters as lodging in kind as if the member were entitled to such allowances under subsection (a) of this section.”; and

(2) in paragraph (3), by inserting “or expenses for contract quarters” after “service charge expenses”.

### SEC. 622. FLEXIBILITY WHEN AUTHORIZING SHIPMENT OF A MOTOR VEHICLE INCIDENT TO PERMANENT CHANGE OF STATION ORDERS.

(a) IN GENERAL.—Section 2634(a)(4) of title 10, United States Code, is amended—

(1) by striking out “surface”;

(2) by inserting after “by other transportation if” “under regulations developed by the Secretary of Defense”; and

(3) by striking out “does” and inserting in lieu thereof “is determined”.

(b) EFFECTIVE DATE AND APPLICABILITY.—Section 2634(a)(4) of title 10, United States Code, as amended by this section, shall take effect on October 1, 1995, and shall apply to vehicles placed for shipment on or after such date.

### SEC. 623. AUTHORIZATION OF RETURN TO UNITED STATES OF FORMERLY DEPENDENT CHILDREN WHO ATTAIN AGE OVERSEAS.

(a) IN GENERAL.—Section 406(h)(1) of title 37, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following new sentence: “For the purposes of this section, a member’s unmarried child for whom the member received transportation in kind to his station outside the United States or in Hawaii or Alaska, reimbursement therefor, or a monetary allowance in place thereof and who ceased to be a dependent, by reason of age, or graduation from or cessation of enrollment in an institution of higher education, while the member was serving at that station shall be considered as a dependent of the member.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 1996.

## Subtitle D—Retired Pay, Insurance, and Survivor Benefits

### SEC. 631. RETIRED PAY FOR NON-REGULAR SERVICE.

Section 1331 of chapter 67 of title 10, United States Code, is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f) respectively; and

(2) by inserting after subsection (c) the following new subsection:

“(d) No person who is convicted of an offense under the Uniform Code of Military Justice (chapter 47 of title 10), and whose executed sentence includes death, dishonorable discharge, bad conduct discharge, or dismissal from the service, is eligible for retired pay under this chapter.”.

### SEC. 632. FISCAL YEAR 1996 COST-OF-LIVING ADJUSTMENT FOR MILITARY RETIREES.

(a) IN GENERAL.—Notwithstanding the provisions of section 1401a(b)(2)(B)(ii) of title 10, United States Code, or of section 8114A(b) of Department of Defense Appropriations Act, 1995 (Public Law 103-335; 108 Stat. 2648), or of any other provision of law, the fiscal year 1996 increase in military retired pay first shall be payable as part of such retired pay for the month of March 1996.

(b) DEFINITIONS.—For the purpose of this section, the following definitions apply:

(1) The term “fiscal year 1996 increase in military retired pay” means the increase in retired pay that, pursuant to paragraph (1) of section 1401a(b) of title 10, United States Code, becomes effective on December 1, 1995.

(2) The term “retired pay” includes retainer pay.

**SEC. 633. IMPROVED DEATH AND DISABILITY BENEFITS FOR RESERVISTS.**

(a) MEDICAL AND DENTAL CARE: MEMBERS ON DUTY OTHER THAN ACTIVE DUTY FOR A PERIOD OF MORE THAN 30 DAYS.—Section 1074a(a) of title 10, United States Code, is amended by inserting after paragraph (2) the following new paragraph:

“(3) Each member of a uniformed service who incurs or aggravates an injury, illness, or disease in the line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member's residence at which site the member has performed inactive duty training between successive periods of such training.”

(b) RECOVERY, CARE, AND DISPOSITION OF REMAINS: DECEDENTS COVERED.—Section 1481(a)(2) of title 10, United States Code, is amended—

(1) in subparagraph (C), by striking out “or” at the end of the subparagraph;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

“(D) remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member's residence at which site the member has performed inactive duty training between successive periods of such training; or”.

(c) ENTITLEMENT TO BASIC PAY.—Section 204 of title 37, United States Code is amended—

(1) in subsection (g)(1)—

(A) in subparagraph (B), by striking out “or” at the end of the subparagraph;

(B) in subparagraph (C), by striking out the period at the end of the subparagraph and inserting in lieu thereof “; or”; and

(C) by inserting after subparagraph (C) the following new subparagraph:

“(D) in line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member's residence at which site the member has performed inactive duty training between successive periods of such training.”; and

(2) in subsection (h)(1)—

(A) in subparagraph (B), by striking out “or” at the end of the subparagraph;

(B) in subparagraph (C), by striking out the period at the end of the subparagraph and inserting in lieu thereof “; or”; and

(C) by inserting after subparagraph (C) the following new subparagraph:

“(D) in line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member's residence at which site the member has performed inactive duty training between successive periods of such training.”.

(d) RESERVES: MEMBERS OF NATIONAL GUARD: INACTIVE-DUTY TRAINING.—Section 206(a)(3) of title 37, United States Code, is amended—

(1) in subparagraph (A), by striking out “or” at the end of clause (ii);

(2) in subparagraph (B), by striking out the period at the end of the subparagraph and inserting in lieu thereof “; or”; and

(3) by inserting after subparagraph (B) the following new subparagraph:

“(C) in line of duty while remaining overnight at or in the vicinity of a site outside reasonable commuting distance from the member's residence at which site the member has performed inactive duty training between successive periods of such training.”.

## **Subtitle E—Separation Pay**

### **SEC. 641. TRANSITIONAL COMPENSATION FOR DEPENDENTS OF MEMBERS OF THE ARMED FORCES SEPARATED FOR DEPENDENT ABUSE.**

Section 1059(d) of title 10, United States Code, is amended by striking out “of a separation from active duty as” in the first sentence.

## **Subtitle F—Other Matters**

### **SEC. 651. MILITARY CLOTHING SALES STORES, REPLACEMENT SALES.**

(a) IN GENERAL.—Chapter 651 of title 10, United States Code, is amended by adding at the end the following new section:

**"§ 7606. Subsistence and other supplies: members of armed forces; veterans; executive or military departments and employees; prices**

"(a) The branch, office or officer designated by the Secretary of the Navy shall procure or sell, for cash or credit—

"(1) articles specified by the Secretary of the Navy or a person designated by him, to members of the Navy and Marine Corps; and

"(2) items of individual clothing and equipment to members of the Navy and Marine Corps, under such restrictions as the Secretary may prescribe.

An account of sales on credit shall be kept and the amount due reported to any branch office, or officer designated by the Secretary. Except for articles and items acquired through the use of working capital funds under section 2208 of this title, sales of articles shall be at cost, and sales of individual clothing and equipment shall be at average current prices, including overhead, as determined by the Secretary.

"(b) The branch, office, or officer designated by the Secretary shall sell subsistence supplies to members of other armed forces at the prices at which like property is sold to members of the Navy and Marine Corps.

"(c) The branch, office or officer designated by the Secretary may sell serviceable supplies, other than subsistence supplies, to members of other armed forces at the prices at which like property is sold to members of the Navy and Marine Corps.

"(d) A person who has been discharged honorably or under honorable conditions from the Army, Navy, Air Force or Marine Corps and who is receiving care and medical treatment from the Public Health Service or the Department of Veterans Affairs may buy subsistence supplies and other supplies, except articles of uniform, at the prices at which like property is sold to members of the Navy and Marine Corps.

"(e) Under such conditions as the Secretary may prescribe, exterior articles of uniform may be sold to a person who has been discharged from the Navy or Marine Corps honorably or under honorable conditions at the prices at which like articles are sold to members of the Navy or Marine Corps. This subsection does not modify sections 772 or 773 of this title.

"(f) Under regulations prescribed by the Secretary, payment for subsistence supplies shall be made in cash or by commercial credit.

"(g) The Secretary may provide for the procurement and sale of stores designated by him to such civilian officers and employees of the United States, and such other persons as he considers proper—

"(1) at military installations outside the United States (provided such sales conform with host nation support agreements); and

"(2) at military installations inside the United States where the Secretary determines that it is impracticable for those civilian officers, employees, and persons to obtain such stores from commercial enterprises without impairing the efficient operation of military activities.

However, sales to such civilian officers and employees of the United States inside the United States may be only to those who reside within military installations.

"(h) Appropriations for subsistence of the Navy or Marine Corps may be applied to the purchase of subsistence supplies for sale to members of the Navy and Marine Corps on active duty for the use of themselves and their families."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 651 of title 10, United States Code, is amended by adding at the end the following new item:

"7606. Subsistence and other supplies: members of armed forces; veterans; executive or military departments and employees; prices."

## **TITLE VII—HEALTH CARE PROVISIONS**

### **Subtitle A—Health Care Management**

#### **SEC. 701. CODIFICATION AND STRENGTHENING OF CHAMPUS PHYSICIAN PAYMENT REFORM PROGRAM.**

Section 1079(h) of title 10, United States Code, is amended to read as follows:

"(h)(1) Subject to paragraph (2), payment for a charge for services by an individual health care professional (or other non institutional health-care provider) for which a claim is submitted under a plan contracted for under subsection (a) shall be limited to the lesser of—

"(A) the amount equivalent to the 80th percentile of billed charges, as determined by the Secretary of Defense, in consultation with the other administering Secretaries, for similar services in the same locality during a twelve month base period, which base period may be adjusted as frequently as the Secretary considers appropriate; or

"(B) the amount determined to the extent practicable in accordance with the same reimbursement rules as apply to payments for medical and other health services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

"(2) The amount to be paid to an individual health-care professional (or other non-institutional health-care provider) shall be determined under regulations to be prescribed by the Secretary of Defense in consultation with the other administering Secretaries pursuant to paragraph (1). Such regulations—

"(A) may provide for such exceptions as the Secretary determines necessary to assure that covered beneficiaries have adequate access to health care services, including payment of amounts greater than the allowable amounts when enrollees in managed care programs obtain covered emergency services from non-participating providers;

"(B) shall establish limitations (similar to those established under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.)) on beneficiary liability for charges of an individual health-care professional (or other non-institutional health care provider); and

"(C) shall assure that in transitioning from the payment methods previously in effect to any methodology authorized by this subsection, in no case may the amount allowable for any service be reduced by more than fifteen percent from the amount allowed for the same service in the immediately preceding twelve-month period (or other duration as established by the Secretary of Defense).".

#### **SEC. 702. REPEAL OF CERTAIN LIMITATIONS ON REDUCTIONS OF MEDICAL PERSONNEL.**

(a) **LIMITATION ON REDUCTIONS IN MEDICAL PERSONNEL.**—Section 711 of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 115 note) is repealed.

(b) **MINIMUM NUMBER OF NAVY HEALTH PROFESSIONS OFFICERS.**—Section 718 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (10 U.S.C. 115 note) is amended by striking out subsection (b).

(c) **LIMITATION ON REDUCTION IN NUMBER OF RESERVE COMPONENT MEDICAL PERSONNEL.**—Section 518 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 261 note) is repealed.

## **Subtitle B—Other Matters**

#### **SEC. 711. CLOSURE OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.**

(a) **REPEAL OF AUTHORITY.**—Chapter 104 of title 10, United States Code, is hereby repealed.

(b) **PHASE-OUT PROCESS.**—

(1) Notwithstanding any other provision of law, the Secretary of Defense shall phase out the Uniformed Services University of the Health Sciences, beginning in fiscal year 1996, and ending with the closure of such University not later than September 30, 1999. No provision of section 2687 of title 10, United States Code, or of any other law establishing preconditions to the closure of any activity of the Department of Defense shall operate to establish any precondition to the phaseout and closure of the Uniformed Services University of the Health Sciences pursuant to this Act.

(2) Under the phase-out process required by paragraph (1), the Secretary of Defense is authorized to exercise all of the authorities pertaining to the operation of the Uniformed Services University of the Health Sciences that were granted to the Secretary of Defense, the Board of Regents, or the Dean of the Uniformed Services University of the Health Sciences by chapter 104 of title 10, United States Code, prior to enactment of the repeal of that chapter by subsection (a). Such authorities may be exercised by the Secretary of Defense so as to achieve an orderly phase-out of operations of the Uniformed Services University of the Health Sciences.

(3) No new class of students may be admitted to begin studies in the Uniformed Services University of the Health Sciences after September 30, 1995. No students may be awarded degrees by such University after September 30, 1999, except that the Secretary of Defense may grant exceptions on a case-by-case

basis for any students who by that date have completed substantially all degree requirements.

(c) AUTHORITIES UNAFFECTED.—

(1) Commissioned service obligations incurred by students of the Uniformed Services University of the Health Sciences shall be unaffected by enactment of the repeal of chapter 104 of title 10, United States Code, by subsection (a).

(2) Nothing in this Act shall be construed as limiting the exercise by the Secretary of Defense of other authorities under law pertaining to health sciences education, training and professional development, graduate medical education, medical and scientific research, and similar activities. To the extent any such activities had been assigned by the Secretary of Defense to the Uniformed Services University of the Health Sciences, the Secretary of Defense's authority to assign such activities to any other component or entity of the Department of Defense shall be unaffected by the phase-out and closure of the Uniformed Services University of the Health Sciences pursuant to this Act.

(d) CONFORMING AMENDMENTS.—Section 178 of title 10, United States Code, pertaining to the Henry M. Jackson Foundation for the Advancement of Military Medicine, is amended—

(1) in subsection (b), by striking out “Uniformed Services University of the Health Sciences” and inserting in lieu thereof “Department of Defense”;

(2) in subsection (c)(1)(B), by striking out “the Dean of the Uniformed Services University of the Health Sciences” and inserting in lieu thereof “a person designated by the Secretary of Defense”; and

(3) in subsection (g)(1), by striking out “Uniformed Services University of the Health Sciences” and inserting in lieu thereof “Secretary of Defense”.

(e) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle A and at the beginning of part III of such subtitle of title 10, United States Code, is amended by striking out the items relating to chapter 104.

**SEC. 712. REPEAL OF THE STATUTORY RESTRICTION ON USE OF FUNDS FOR ABORTIONS.**

(a) IN GENERAL.—Section 1093 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 55, United States Code, is amended by striking out the item relating to section 1093.

(c) EFFECTIVE DATE.—The amendment made by this section shall be effective October 1, 1995.

## **TITLE VIII—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT**

### **Subtitle A—Secretarial Matters**

**SEC. 801. ADDITIONAL ASSISTANT SECRETARY OF DEFENSE.**

Section 138(a) of title 10, United States Code, is amended by striking out “eleven” and inserting in lieu thereof “twelve”.

**SEC. 802. CHANGE IN NAME OF ASSISTANT TO THE SECRETARY OF DEFENSE FOR ATOMIC ENERGY TO ASSISTANT TO THE SECRETARY OF DEFENSE FOR NUCLEAR AND CHEMICAL PROGRAMS.**

(a) IN GENERAL.—Section 142 of title 10, United States Code, is amended—

(1) by amending the heading to read as follows:

**“§ 142. The Assistant to the Secretary of Defense for Nuclear and Chemical Programs”;**

(2) in subsection (a), by striking out “Assistant to the Secretary of Defense for Atomic Energy” and inserting in lieu thereof “Assistant to the Secretary of Defense for Nuclear and Chemical Programs”; and

(3) by amending subsection (b) to read as follows:

“(b) The Assistant to the Secretary shall perform such functions as the Secretary of Defense may prescribe and shall advise the Secretary of Defense on nuclear energy, nuclear weapons, and chemical and biological defense program matters. The Assistant to the Secretary also shall serve as the Staff Director of the Nuclear Weapons Council established by section 179 of this title.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 4 of title 10, United States Code, is amended by amending the item relating to section 142 to read as follows:

"142. The Assistant to the Secretary of Defense for Nuclear and Chemical Programs."

(c) CONFORMING AMENDMENT.—Section 179(c)(2) of title 10, United States Code, is amended by striking out "The Assistant to the Secretary of Defense for Atomic Energy" and inserting in lieu thereof "The Assistant to the Secretary of Defense for Nuclear and Chemical Programs".

## Subtitle B—Other Matters

### **SEC. 811. REPEAL OF PROHIBITION OF CONTRACTING FOR FIREFIGHTING AND SECURITY GUARD FUNCTIONS AT MILITARY FACILITIES.**

Section 2465 of title 10, United States Code, is repealed.

### **SEC. 812. INCREASE IN UNSPECIFIED MINOR CONSTRUCTION THRESHOLD FROM \$1,500,000 TO \$1,700,000 AND THE OPERATION AND MAINTENANCE THRESHOLD FROM \$300,000 TO \$350,000.**

Section 2805 of title 10, United States Code, is amended—

- (1) in subsection (a)(1), by striking out "\$1,500,000" and inserting in lieu thereof "\$1,700,000"; and
- (2) in subsection (c)(1), by striking out "\$300,000" and inserting in lieu thereof "\$350,000".

### **SEC. 813. ANNUAL REPORT ON NATIONAL GUARD AND RESERVE COMPONENT EQUIPMENT.**

(a) SUBMISSION DATE OF REPORT.—Section 115b(a) of title 10, United States Code, is amended by striking out "February 15" and inserting in lieu thereof "March 1".

(b) DEFINITION OF EQUIPMENT IN THE REPORT.—Section 115b(b) of title 10, United States Code, is amended—

- (1) in paragraphs (1) through (6), by striking out "major item of equipment" each place it appears and inserting in lieu thereof in each instance "combat essential item of equipment";
- (2) in paragraph (5)(E), by striking out "major item of equipment." and inserting in lieu thereof "combat essential item of equipment."; and
- (3) in paragraph (7), by striking out "item of major equipment" and inserting in lieu thereof "combat essential item of equipment".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1995.

## TITLE IX—GENERAL PROVISIONS

### Subtitle A—Other Matters

#### **SEC. 901. NATIONAL GUARD CIVILIAN YOUTH OPPORTUNITIES PROGRAM.**

Section 1091 of the National Defense Authorization Act for Fiscal Year 1993 (32 U.S.C. 501 note) is amended—

- (1) by amending subsection (a) to read as follows:

“(a) PROGRAM AUTHORITY.—The Secretary of Defense, acting through the Chief of the National Guard Bureau, may conduct a program to be known as the ‘National Guard Civilian Youth Opportunities Program’;

- (2) by amending subsection (b) to read as follows:

“(b) PURPOSE.—The purpose of the program is to improve the life skills and employment potential of civilian youth who cease to attend secondary school before graduation, through military-based training, including supervised work experience in community service and conservation projects, provided by the National Guard.”;

- (3) by striking out “pilot” in each place it appears;

- (4) by striking out “conducted under the pilot program” in each place it appears; and

- (5) by striking out “under the pilot program” in the first sentence of subsection (g)(1).

#### **SEC. 902. ARMED FORCES HISTORICAL PRESERVATION PROGRAM.**

Section 2572(b)(1) of title 10, United States Code is amended by striking out “and restoration services” and inserting in lieu thereof “restoration, conservation, and preservation services, and for educational programs, supplies and new upgraded

or renovated conservation equipment, facilities and systems within existing structures.”.

**SEC. 903. AMENDMENTS TO EDUCATION LOAN REPAYMENT PROGRAMS.**

(a) **GENERAL EDUCATION LOAN REPAYMENT PROGRAM.**—Section 2171(a)(1) of title 10, United States Code, is amended—

- (1) by striking out “or” at the end of subparagraph (A);
- (2) by redesignating subparagraph (B) as subparagraph (C); and
- (3) by inserting after subparagraph (A) the following new subparagraph:  
“(B) any loan made under part D of such title (the William D. Ford Federal Direct Loan Program, 20 U.S.C. 1087a et seq.); or”.

(b) **EDUCATION LOAN REPAYMENT PROGRAM: ENLISTED MEMBERS OF SELECTED RESERVE WITH CRITICAL SPECIALTIES.**—Section 16301(a)(1) of title 10, United States Code, is amended—

- (1) by striking out “or” at the end of subparagraph (A);
- (2) by redesignating subparagraph (B) as subparagraph (C); and
- (3) by inserting after subparagraph (A) the following new subparagraph:  
“(B) any loan made under part D of such title (the William D. Ford Federal Direct Loan Program, 20 U.S.C. 1087a et seq.); or”.

(c) **EDUCATION LOAN REPAYMENT PROGRAM: HEALTH PROFESSIONS OFFICERS SERVING IN SELECTED RESERVE WITH WARTIME CRITICAL MEDICAL SKILL SHORTAGES.**—Section 16302(a) of title 10, United States Code, is amended—

- (1) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5) respectively; and
- (2) by inserting after paragraph (1) the following new paragraph:  
“(2) any loan made under part D of such title (the William D. Ford Federal Direct Loan Program, 20 U.S.C. 1087a et seq.); or”.



**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, SECRETARY OF DEFENSE AND CHAIRMAN OF THE JOINT CHIEFS OF STAFF**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
*Washington, DC, Wednesday, February 8, 1995.*

The committee met, pursuant to call, at 9:40 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. The meeting will please come to order. I want to, first of all, welcome Secretary Perry and General Shalikashvili and thank both of our witnesses for taking time this morning to spend with us and discuss the administration's fiscal year 1996 defense budget request.

The Secretary is here this morning presenting President Clinton's third defense budget, a budget once again characterized by a sharp decline in spending. Despite the President's decision last year to add \$11 billion to the 5-year plan, and his more recent decision to add \$25 billion to the 6-year plan, the downward spiral of defense spending continues.

The budget before us today, even with the President's modest add-backs, still represents \$10 billion less in outlays than current fiscal year 1995 spending levels.

Although we have not yet had the benefit of your presentation, Mr. Secretary, I have a hard time believing that an outlay reduction of this magnitude is fully consistent with maintenance of a capable, ready force, especially after a decade of declining defense budgets and more recently, last year's revelations of readiness problems throughout the force.

While those readiness problems were clearly exacerbated by the increased deployment of a shrinking force on a wide range of contingency operations, as you know, I believe the underlying causes of these readiness problems are more systemic and more fundamental.

In this context, a \$10 billion outlay reduction in fiscal year 1996 spending will not be a stabilizing influence. For 2 years, many skeptics have contended first, that the Bottom-Up Review force structure is insufficient to effectively execute the national strategy and second, that the administration's projected spending levels for defense are not enough to fund even this inadequate force structure.

Last week's GAO report that questions the Bottom-Up Review's underlying assumptions only adds to the long list of criticisms. Moreover, much of this criticism assumes that the President's defense plan is solvent; that is, fully funded which we all know it is not.

With one exception, the Department's official position that it had a \$49 billion, six-year shortfall, CBO's estimate of a \$65 to \$110 billion shortfall, or CSIS' estimate that the budget is underfunded by \$250 billion, the administration's defense plan is far from solvent.

Once again, in the context of this shortfall, a \$10 billion reduction in outlays will once again not be stabilizing. Mr. Secretary, there has not been this much controversy over the adequacy of an administration's defense plan since the late 1970's. This is one of the reasons why, in the Contract With America, we established an independent and bipartisan commission to reexamine our entire security posture.

Despite the President's rhetorical emphasis on maintaining a ready and capable military, the defense budget will continue to decline in real terms until the year 2000. Mr. Secretary, I believe that the hemorrhaging must be stopped earlier than the next century. Five years into the post-cold war era, we find ourselves at a critically important crossroad in terms of our national security posture lacking any resemblance of a consensus.

To this end, the committee is working with its appropriations and budget counterparts to figure out how to better optimize every dollar that is spent on defense. We will cut nondefense spending. Not to be malicious, but because we have no choice. But we will also look long and hard for additional deficiencies and savings in the way that the Department is structured and in the way it operates.

For instance, I do not know how much in additional savings can be found through another round of acquisition reform, but I look forward to working with you, with industry, and with the other committees of jurisdiction to be as forward leaning as possible. However, the bottom line is that no matter how much in internal savings and efficiencies we manage to come up with, I believe that the additional discretionary budget resources will be required to stabilize our defense posture in the years ahead.

No one here is naive, and no one here thinks this will be easy. Unlike any other executive agency, addressing some of the defense budgets shortfalls and shortcomings will require a commitment to sustain over time a higher level of spending. It takes more than a 1-year commitment of increased funding to address high personnel and operational tempo force structure problems, or to address one of the Department's most severe long-term problems; that of maintaining a viable industrial base and the ability to cost-effectively modernize our forces after the turn of the century.

On a personal note, I know that we are all here trying to do the best we can for the defense forces in our country. You have your responsibility and we have ours, too. And even though sometimes we might not agree on how we best get to this desired end, we have to consider the fact that we bring to the table in the context of the fact that no matter how we look at it, you have a responsibility to

support and defend an agenda and a policy of the administration and I hope you understand, on the other hand, that we have a responsibility to the people who elected us to defend this country.

I would like to recognize the ranking member for any comments he wants to make.

**STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. Thank you, Mr. Chairman. Let me join you in welcoming Secretary Perry and General Shalikashvili again appearing before our committee at this time to discuss the administration's budget presentation. I welcome the opportunity to commence the formal inquiry into the nature of our national security strategy, the forces necessary to implement that strategy, and the dollars required to support those forces.

Mr. Chairman and members of the committee, as I have said before, the Nation's budget is its clearest expression of its priorities and its values, and although we do not have the responsibility here to debate the issue of Federal priorities that affect the entire budget, we do have a chance to ensure that both our priorities are correct within the defense top line and that we are not spending more than we need for defense so as not to deprive our Nation of the scarce resources for other programs.

I am confident that all my colleagues have a number of questions and wish to engage the Secretary and the general in a substantive and deliberative discussion about the budget presentation. I intend to participate in that questioning. I very much look forward to the testimony that we are about to receive which will provide the basis for further inquiry and deliberation on the part of this committee. With those brief remarks, I yield back the balance of my time.

The CHAIRMAN. Thank you. Mr. Secretary, I understand you have a 12:30 commitment at the White House.

Secretary PERRY. That is correct, Mr. Chairman.

The CHAIRMAN. We plan to break in time for you to make that lunch commitment. It is our intention to reconvene the committee about 1:30. Then I understand that you have to leave by about 3:30, so if that is the case, we will continue until 3:30.

I want to inform the members that we will operate under the 5-minute rule. The Chair will try to enforce the 5-minute rule to the best of our ability, but be mindful of time constraints and limitations in order that all members might have an opportunity to address questions to the Secretary and to the general. With that, the floor is yours, Mr. Secretary, and general.

**STATEMENT OF WILLIAM J. PERRY, SECRETARY OF DEFENSE**

Secretary PERRY. Thank you very much, Mr. Chairman. I am pleased to appear before the House National Security Committee to present the President's fiscal year 1996 defense budget. This will be the first presentation of this budget which I have had the pleasure to make before your committee.

In the past year, the Department has had an intensive effort putting this budget together. I have been personally involved in this

budget in four different ways, which I would like to briefly summarize for you.

First of all, I established the guidelines for the services before they prepared their budget submissions. These guidelines essentially imposed on the services the President's fiscal constraints as well as my own policy judgments and that was done at an early stage in their preparation to guide the preparation. For example, one element of that policy judgment I imposed was telling the services that readiness, in my judgment, would be the first priority in this budget preparation.

Second, after the services made their submissions to me, I reviewed and approved the actual programs which they submitted and this gave me an opportunity to make corrections to their programs both from a strategic point of view to ensure that the policy judgment that I had given was followed, and second, and involving much more activity, was in the tactical choices that were made, choices about the tradeoffs, the best way to achieve policy.

My third involvement with this budget was to gain the approval of the President. This year I had a particular issue here because, in my judgment, the programs that had been put together by the services were inadequate in preparing for readiness at the fiscal guidance level we had given them and that we will need additional funds to meet that, so I went to the President and requested an additional \$25 billion over the 6-year period.

The President did approve the budget we submitted with this \$25 billion beyond his original fiscal guidance. It was my judgment and the President's judgment that that addition was necessary to provide adequate readiness and adequate quality of life for our military personnel.

The fourth way that I get involved with the judgment with this budget is in presenting it to the Congress for review. Today is the first day in that process. In all these steps I have consulted closely with General Shalikashvili and with our CINC's [Commanders in chief] in the field. The general is with me today and he will follow me in testimony, and both of us, as well as Mr. Hamre, our comptroller, will be available for questions.

The budget we are submitting here embodies my policy judgments, strategic choices, and tactical choices, and what I thought would be most appropriate today is to review with you the strategic rationale that I used in making those choices. Not all of you will agree with all of the choices which we made, but the debate on it can be more constructive if you understand the rationale which led me to those choices.

I am prepared today to share this rationale with you, to share any other information available to me in making this budget, so that we can engage in a debate in the areas where we may disagree on particular choices. I believe and I hope that this debate on these important defense issues can be done in a bipartisan spirit, and that is the spirit in which I will approach the debate.

Since I am going to emphasize the strategic rationale for our budget choices, I wanted to start then by reviewing with you this first chart. This represents what I consider to be the principal challenges which I face as the Secretary of Defense in making all of the budget judgments that we made in the preparation of this budget.

We have to, first of all, manage the use of the military force. We have to prevent, to the best of our ability, the reemergence of a nuclear threat to the United States and, third, and what involves very much of my time is managing the drawdown in the military forces which has been underway for almost the last decade.

You have heard me talk about these challenges before. Today I am going to talk specifically about how they affect our budget and how they influence the choices which are made in the budget.

On this first issue, managing the use of the military force, we put the budget together with the following objectives, four primary objectives listed here: First of all, to sustain the force structure necessary to support two nearly simultaneous major regional conflicts. I mention here that we conducted an exercise called Nimble Dancer in just the last few months to test out the ability of this force structure to do that.

The budget also has to maintain an overseas presence, and this week as we sit here, we have about 300,000 of our 1.5 million military personnel deployed overseas. Third, it has to provide the capability to mount contingency operations, and General Shalikashvili will talk with you more in his testimony about several of the operations we have conducted this year and what lessons we can learn from them.

Fourth, it has to ensure the continuous readiness of the forces and I hope that both my testimony and General Shalikashvili's testimony will be able to convince you that our forces not only have high readiness today, but that this budget has the funds to sustain that readiness.

In terms of maintaining the capability to conduct the two major regional conflicts, I have listed on this chart the major issues that we had to deal with. In the budget in terms of having forward forces, we had to have the presence, we had to have the forward deployment of the units and that is what led to the 300,000 permanent personnel we have overseas today.

We have to be able to have a rapid projection of what we call blocking forces, forces that are sent over immediately to stop a military attack, and this requires sufficient mobility and we have to have funds for that mobility in the budget. It also requires prepositioning equipment. That also is funded in the program.

It involves allied assistance, so we have programs in our budget today, which involve coalition efforts in cooperation with allies. It involves applying air power, technology, intelligence, all of the factors which give our tactical forces on the ground a particular edge, and our technology and modernization program is directed to that.

It involves once we have blocked an initial attack applying overwhelming counteroffensive forces, and that involves not only the structure in the active duty force, but it involves maintaining a Ready Reserve and National Guard component as well as what we call our total force.

In all these elements, we have to maintain the full readiness of our forces. General Shalikashvili will be talking in much greater detail about how this budget protects the ability to carry out those major regional conflicts.

The next issue is preventing reemergence of the nuclear threat. We conducted during the year something we called the nuclear pos-

ture review and in that nuclear posture review we concluded, notwithstanding the fact that the Soviet threat had gone away with the disappearance of the Soviet Union and that any threat we perceived from other countries was very dramatically reduced—nevertheless we felt we had to maintain a head strategy against possible reemergence of a nuclear threat in the future. That includes maintaining some level of nuclear deterrence.

In the budget we have \$7 billion allocated for maintaining our nuclear deterrence. That is a large amount of money, but dramatically lower than the amount we spent during the cold war era. When people look for where is the peace dividend, this is a budget item in which there has been a substantial reduction. Nevertheless, we feel it is very important to maintain some core nuclear forces and this budget does provide for that.

Second, the other aspects of a head strategy is to develop ballistic missile defense and I will describe to you the program we have in that regard both for theater missile defense, which we see as a near-term threat, and for national missile defense, which we do not see as a near-term threat, but we think it is prudent to be moving toward protecting the United States against a small-scale attack at some date in the future.

Besides that head strategy, we have a program which we call the cooperative threat reduction. We work in cooperation with four nations of the former Soviet Union, Russia, Ukraine, Belarus, and Kazakhstan to help dismantle the nuclear weapons and the nuclear capability in that country. That is an important program, budgeted in this budget, and we ask for your support for that program.

Finally, we are concerned about counterproliferation and the most dramatic example during last year was reaching the framework agreement with North Korea to stop their nuclear weapons program. This budget has zero dollars funded for this line item because there are no expenses incurred by the Defense Department in carrying out this agreement.

I would point out to you, though, that if the agreement fails, we would have to come back for supplemental funding, because in that case it is our judgment we would have to augment our military forces that are now in South Korea, as we, indeed, were planning to do last summer before we got this agreement.

This chart, in very brief and summary form, lays out some of the facets of the Ballistic Missile Defense Program. We are requesting for fiscal year 1996 and for fiscal year 1997 about \$3 billion for each of those years for the Ballistic Missile Defense Program. The major part of those funds will go toward theater missile defense, about \$12 billion is for theater missile defense and this chart highlights three components of our Theater Missile Defense Program; namely, the three programs which we will be moving in a few years to production and deployment.

The three programs are the Patriarch III Program, the Theater High Altitude Air Defense Program, and the Navy Air Defense Program. Those are scheduled for operational dates of 1998, 1999, and 2001. Those are the dates at which those programs will be entering production.

I also have listed at the bottom of the chart the National Missile Defense Program. That involves a program just under \$400 million

for this year and next year each, and the purpose of that program is to move us towards a system which will be capable of being produced and deployed in about 2 to 3 years' time. And these funds provide for that readiness for production and deployment.

Not included in this program are the additional funds that would be required to deploy the system if the judgment is made, then, to do that. What is not included in this chart are the additional funds that are budgeted for the satellite-based infrared system, which would play an important role in an early warning capability for any of these systems, and also not included is just under \$200 million for advanced technology in this program. I will be happy to talk more about this Ballistic Missile Defense Program in the testimony, but this gives you just a brief introduction to it.

On the next chart we describe some of the elements of the so-called Cooperative Threat Reduction Program also known as the Nunn-Lugar Program. Last year the funding for that was \$400 million. In the next 2 years we project somewhat less. This is for the purpose of reducing the nuclear, chemical and other weapons of mass destruction threat from the nations of the former Soviet Union.

Since the initiation of this program it has participated in the removal of 2,600 nuclear warheads at the missile or bomber bases that were targeted against the United States. In particular, 900 warheads from Ukraine and Kazakhstan have been shipped to the dismantlement factory in Russia for destruction and within a year's time Ukraine, Kazakhstan and Belarus will be nuclear free. This program has been a good investment of defense dollars.

A controversial aspect of this program is indicated in the last bullet. Approximately 20 percent of the funds have gone toward not dismantling the weapons themselves, but to assist the Russians in removing and converting the infrastructure that was used to prepare these weapons. All of this program, in my judgment, is very important to the national security of the United States.

I would like to move from there to the third challenge, which I indicated to you is managing the drawdown in the post-cold-war era. This, in many ways, is the hardest challenge; indeed, it is the largest driver of our budget considerations.

This budget, first of all, maintains the force structure, protects the readiness, ensures the quality of life, and it plans for the rebuilding of the capital stock for our forces. The major portion of our budget preparation was determining how to allocate resources among these different accounts. It involved the choices and the balance between that resource allocation issue. I am going to talk about that some now.

The next chart—let me move over so I can describe this to you more carefully. I have listed here the force structure of the U.S. military. I have it in for reference, the force structure during the cold war. Let me take just 1 item, which is the active divisions in the Army—we have 18; the force structure projected in our long-term plans, which is to go down to 10, and the force structure which the 1996 budget calls for. I am pointing out that in the 1996 budget the drawdown of the Army forces will have been completed. We will be down to 10.

Let me take one other item on this. The wings in the Air Force will be 20 between the active duty and the Reserve wings and that will also be our budget, so this budget gets us down to the projected level for the Air Force. Indeed, the drawdown in 1996 will be completed in almost all respects. The one remaining element is we will still have 19 more ships to go out of the Navy to reach our final target. General Shalikashvili will be talking more about that force structure.

One other point having to do with personnel. This represents the movement of personnel in the Active Duty forces, Reserve forces and civilians from fiscal year 1994 to fiscal year 1997, and compares that with our goal. The principal point I want to make here is that the 495,000 in the Army in fiscal year 1996 is the goal. We will have achieved that in 1996.

The further point I would make is that, it requires only about half the reduction in fiscal year 1996 that we had made in the previous few years. That is to say, the drawdown during 1996 will be less than it was in previous years and will essentially wind up for the Active Duty Forces. This, to me, is very good news because the turbulence that was associated with this dramatic drawdown has been very difficult to manage. It will essentially be behind us with the 1996 budget.

You notice the number for the Army is right at goal, the number for the Air Force is virtually at goal, the Navy has 2 percent left to complete their goal. This will amount in aggregate to a 32-percent reduction in personnel for the Active Duty Forces from a peak in 1985 to the end period in fiscal year 1996, a 32-percent reduction of the Active Duty Forces.

We are going through a comparable reduction in the civilian personnel in DOD. The end goal here, 728,000, also represents a 32-percent reduction, but that reduction was started later than the Active Duty reduction. When this administration took office, it began to accelerate the civilian drawdown and set a goal to make the civilian drawdown equal to what the military drawdown had been. That goal will not be achieved until a few years later, however, than the military drawdown.

I want to talk about readiness in two respects. First of all, current readiness, and General Shalikashvili will have more to say about the current readiness, and I also want to describe what this budget does to protect future readiness.

These two points, which the General will talk more about—we get every quarter a detailed report from the CINC's in which they outline their issues and problems. Readiness is a key issue. They are reporting to me in these reports, all of the CINC's, that we are ready to conduct the missions assigned them.

General Shalikashvili had a meeting with the CINC's last week, brought all the CINC's in, we met with them, and I asked each of them that question again. Each of the CINC's report to me that they are ready to conduct their mission. This is a question which you can ask them as well.

In a sense this is the bottom line as far as I am concerned, whether commanders in the field believe they are ready to conduct their mission. We have demonstrations in the actual missions conducted. General Shalikashvili will talk more about those missions.

This is the bottom line. Nevertheless, we do have humanist statistical reporting. Every month we get volumes of reports that give the readiness of units and down to very small unit levels. I will aggregate that for you by saying that if you look at this whole system and you say, what does it say about our so-called early deployers, that is either the forces that are in forward deployment overseas or the ones that are scheduled to go over early, this says that they are at historical high levels of readiness in the aggregate. These data are available to you and we can discuss those in any detail you want.

This committee is well aware of the problem we had in fiscal year 1994, or in 1994 with the three Army divisions reporting at lower levels of readiness. I will talk more about that in future readiness, but I want to note that those problems will be fixed by April or May of this year.

A more important issue from the point of view of this budget is future readiness. I hope to be able to persuade you that this budget does protect the high level of readiness for our forces. In the guidance which I gave the services, I stated that readiness was first priority; that they could trade off any other requirement that I give in this budget in favor of readiness.

They reflected that in their submission and the budget which they sent to me, and which I am submitting to you does have full levels of readiness in it, including training rates at the highest levels that they have ever been maintained.

In order to achieve this we had to get the President to add money to the budget above the original fiscal guidance he gave us. A big chunk of this went to readiness, a smaller chunk went to quality-of-life initiatives about which I will have more to say.

I have met in the course of preparing the budget with each of the service chiefs individually. The first question I asked each of them was does this budget that you are submitting adequately fund the readiness of your forces for 1996? Their answer to that was yes, but. The yes was they had funded in this budget everything they needed for operational training, for depot maintenance, for the two MRC's. They said but what could happen this year is the same as happened in previous years where funds could be diverted from that budget to fund unfunded contingency operations. That is their concern with the budget. The level of funding is adequate. The divergent possibility, however, is real.

We propose to deal with that two different ways. First, we are requesting an emergency supplemental of \$2.6 billion. That \$2.6 billion will fund all of the contingency operations that have been underway since the beginning of the fiscal year all the way through the end of the fiscal year. That will take care of the bulk of our problem.

We are also requesting an authority that when we reach the end of the fiscal year if an unexpected contingency arises, then we are requesting authority where we can fund that out of other accounts while the supplemental request is pending. If we can get these two authorities from the Congress I can give you a very high assurance that the readiness will be maintained, first of all, by the baseline funding and, second, by dealing with the diversions.

General Shalikashvili will talk about the senior Readiness Oversight Committee. This is established to meet on a monthly basis to deal with the unexpected problems that come up in readiness and to fix them as they occur.

Besides looking at statistics and talking with the CINC's and with the service chiefs, I use a management technique called MBWA, or management by walking around. I go to bases all over the country. I go to bases overseas and every time I go there I will sit down and talk with the sergeant majors and senior enlisted and ask what are your problems? Are you ready? What are your housing problems like?

I have accumulated in the last 2 years a very good store of knowledge on this issue. What I came back with is a strong feeling that we have a quality of life problem in the services which I feel a deep responsibility to deal with and to deal with effectively. That is what led me to institute a quality of life initiative and a quality of life task force. The initiative was one of the reasons I had to go to the President to request more funding.

The reason I am so concerned about this, it is not just a sentimental reason, I want to give you an objective military readiness reason for being concerned about the quality of life for people in our military forces. This phrase that people are the most important asset sounds like a cliché, sounds like a motherhood statement. It is the basis on which we have to do our planning. And the reason for that is because while it takes 9 years to build an aircraft carrier and about 10 years to develop a new fighter aircraft, it takes 16 years to develop an aircraft maintenance supervisor, 18 years to develop a battalion commander—my military assistant, General Kern, has been in the Army 27½ years. He is now qualified to be an armored division commander, which will probably be his next assignment. It takes that long to develop and train for skills to give the capability that our Army has today.

We have without question the best NCO corps in the U.S. military forces, of any military force in the world. There is nothing like it anywhere. The reason we have that is that we have developed and trained and schooled these people over many, many years. The key, then, to this capability is one simple catch phrase, which is training and retaining.

The training was accommodated in the budget which I showed you. We have full training budgets scheduled there. Retaining we have to do also in order to get the benefit of this. In the retaining, this is the training feature, deployment on missions is important and in the retaining feature is what I call re-enlisting families.

Even though our maintenance supervisor has been well trained, even though he is very enthusiastic about his job, if his family is living in a slum, if he has to operate on food stamps, he has enormous pressure to get out of the military, a very understandable pressure. We have to re-enlist families not just individuals, and that is what our quality of life program is about.

The first component of this, which is the basic one, was that the military pay was falling behind the comparable civilian pay, and the first step and the most crucial step that I felt I had to take on this was provide for a full legal pay raise, not just for fiscal year

1996, but I have this projected in this budget for the rest of this decade.

It is the first time I believe in the history of the preparation of the defense budget where this pay raise is committed and where the troops can count on it for that long a period of time. This compensation also protects the medical benefits. Community and family support issues are accommodated for in this quality of life initiative which is added to the budget, new child care and day care centers, new recreation and fitness centers. Those are important issues.

Everywhere I go to a base and talk to people I hear about this. But most important of all is housing. Our housing is inadequate. It is dramatically inadequate, and we must do something about it. I am committed to do something about it. The first step in that is included in this budget where I have put a 13-percent increase in housing dollars for active duty personnel to try to correct this problem.

Let me tell you briefly why we have the problem. There are two components to it. The first is that over the years, from the early 1970's on, the composition of the force has changed. In the early 1970's it was a draftee force, a conscript force. People would come and be in the service for a few years and go.

Today we have an All-Volunteer Force. We have people who have been in the service 12, 15 years. One of the consequences is most of these people have families. In the meantime, the housing situation has not changed. We have the same accommodations that we had back in the 1970's, even though the demographics of the force have changed. So we have a dramatic shortage of family housing.

The second problem was that even while we had a substantial budget increase during the 1980's, that money went to equipment, to building the force, to many useful functions. It did not go to dealing with this housing problem. The housing problem wasn't recognized then. So we have to fix this problem.

I will be back to this committee with specific initiatives above and beyond the one which is in this budget. We are looking at a variety of ways of dealing with this problem. I have created a quality of life task force chaired by Jack Marsh, who used to be the Army Secretary in the Bush administration, and he is going to put top emphasis on coming to me with specific initiatives which we can move forward with. Some may require additional funding. We are also looking at off-budget ways of getting more housing done, but they may require legislative authority. So you will hear more from me on the housing in the future.

I wanted to talk about modernization and what I call recapitalization. By that, I mean replacing the capital stock, the equipment, the weapon systems that we have in inventory as they get old and become obsolete. The first point is that our modernization budget is at historic lows and a related point is it cannot stay at those lows. We have to bring it up.

I will explain why we could get away with it being low the last few years, but why we have to bring it up toward the end of this decade. We have gotten away with it being as low as it is because the force drawdown has allowed a delay in recapitalization. Basically, when you have so many units in the field and they have such

and such a lifetime, you have to replace them at a certain rate. But when you are drawing down the forces, which we have been doing for the last 7 or 8 years, then you get essentially a reprieve from that requirement because what you are doing is taking the older equipment out of the forces and therefore the average age is not increasing.

But as soon as the drawdown is over you have to start building it up again. The drawdown is over with this budget and therefore from fiscal year 1997 on we have to have an increase in modernization. That is the second point.

I will talk about this requirement for an increase, but make a subjective point that it will not require a one-for-one replacement because our technology programs will allow us ways of doing things smarter and doing things with fewer systems.

Since I am arguing that the modernization rate will require an increase, the question is where are the resources going to come from in the years beyond fiscal year 1996. What we will have to have is a growth in the budget, and I will describe how we have projected that. But in addition to that, we have to be able to divert money within the budget to modernization, and one key to that is reducing the infrastructure; that is the base closing.

Let me give you two numbers to illustrate the importance of this base closing problem. This year the cost of base closing from the aggregate of the 1988, 1991, and 1993 bases that have already closed it will cost DOD \$2 billion to manage that base closing, so it is a net cost to us this year. When that is completed toward the last years of this decade, we will be saving about \$4 billion a year. So there is a swing of about \$6 billion there for what we are paying for base closing this year to what we will be gaining for base closing. That swing of \$6 billion will all go to modernization.

Finally, we have a major program underway in acquisition reform. We expect that program to allow us to buy equipment at lower unit cost and lower life-cycle cost. Those are the facets we have underway for dealing with this modernization problem.

This is the bad news about modernization. I just wanted to lay it out in stark form. I depict this by looking at the number of ships, aircraft, and tanks we are procuring. These are historical records, 1980, 1985, and 1990. This budget calls for seven ships. It calls for 106 aircraft and it calls for not even 100 new tanks, but 100 upgrades in tanks. So this is what I mean when I say the procurement budget is at historic lows.

This chart is indicative of how we have been able to get by with historic lows in the last few years, but will not be able to do it much longer. This represents the—I have taken the battle force ships here, but I will get similar charts by looking at other weapon systems, and this is the average age of the fleet in 1992, 1993, and 1994, and what that shows is that even though we will not be procuring many ships during these years, the average age was decreasing, which is good news.

The reason the average age was decreasing is that we were retiring a lot of ships with ages of 24 and 25 years. So by simple arithmetic, we end up with a younger force in terms of equipment today than we had 4 or 5 years ago. That is strictly a function of the

drawdown we were going through, and that drawdown is almost over.

If I want to project forward then, how is that situation going to move forward as drawdown is over? This is surface combatants, ships again, and here I am plotting from 1990 to just beyond the end of the century. Here we are today at 1996, and this is, again, the average age, and you see the average age coming down because of the phenomena I have described.

You see at about 1996 it turns and starts going up again and it is in this period that we have to get our modernization program back in gear so that we don't end up with an obsolete, aging fleet. Here is a similar figure for fighter aircraft. That is starting to go up. The red line at the top is the midpoint of the system operations life, so that is the danger point. You don't want this line to get over that point.

Here we are at tanks. Tanks in 1996 were here. We are heading quickly towards the midpoint, so we have to do something about that problem. Air Force fighter aircraft, that is still well below the danger point, but heading in that direction. So these charts say in terms of the age of the forces in the field today, today we are in good shape, but they are all heading in the wrong direction, and we have to have a revitalized modernization program to deal with that in the future.

This represents the plan to do that in the 6-year program submitted to you. Here we are at the bottom in fiscal year 1996 and this is the plan that involves a 40-percent increase in the procurement account between now and the end of the 6-year period.

This is in summary form, instead of starting off with the budget and working down. I started with the rationale and worked up. This is the budget, \$246 billion in fiscal year 1996. We are projecting 1 more year of decrease in fiscal year 1997 and then we have projected the budget increasing for the rest of that period. The bulk of this money is planned to go into the modernization program, which I described the need for.

Just one comment—this 1995 budget, the drop from 1995 to 1996, the 1996 budget represents a requested budget only. The 1995 budget was our original 1995 budget plus we have assumed that we have received the supplemental which we requested. This isn't final yet because the supplemental is not finally approved.

You have seen these charts before, but it is always worth looking at. You are in the process now of looking at, voting perhaps a balanced budget amendment, and this is what you are balancing the budget, what you have been balancing the budget on for the last decade.

We have gone from a peak defense spending in 1986 where defense was 27 percent of the Federal budget down—this budget projects going down to 13 percent of the Federal budget. So in terms of spending, the defense component of the Federal budget will be going from 27 percent to 13 percent, less than half of the share of the Federal budget. That number, in fiscal year 1996, we project to be 15.5 percent.

We can also represent the same figure using defense as a share of gross domestic product. This represents the historical peak during the Korean war where it was 12 percent of gross domestic prod-

uct; Vietnam war, 9 percent. This is the peak spending during the Reagan defense buildup, just over 6 percent, and projected to go down to just under 3 percent. For fiscal year 1996 we will be at 3.4 percent of gross domestic product.

This sums up my comments, then. I do believe that this budget preserves the national security. It funds readiness as its highest priority and will adequately maintain high readiness. It puts people first, not just through readiness, but through quality of life programs.

It supports what I believe is the right force structure and the right strategy, and I have described the recapitalization necessary and said that is done in the outyears of the budget, and we have a very small program in capitalization this year, but we have a buildup in that in future years of the budget.

With those opening comments, I would like to ask General Shalikashvili to add to them and then we will be open for your questions.

[The prepared statement of Secretary Perry follows:]

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HOUSE COMMITTEE  
ON NATIONAL SECURITY

**STATEMENT OF  
THE SECRETARY OF DEFENSE  
WILLIAM J. PERRY**

**BEFORE THE  
HOUSE COMMITTEE  
ON NATIONAL SECURITY**

**IN CONNECTION WITH THE FY 1996-97  
DEPARTMENT OF DEFENSE BUDGET**

**8 FEBRUARY 1995**

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HOUSE COMMITTEE  
ON NATIONAL SECURITY

STATEMENT OF SECRETARY OF DEFENSE WILLIAM J. PERRY  
IN CONNECTION WITH THE FY 1996-97 DEFENSE BUDGET  
HOUSE COMMITTEE ON NATIONAL SECURITY  
FEBRUARY 8, 1995

Mr. Chairman, members of the committee, it is a pleasure to be here to discuss President Clinton's fiscal year (FY) 1996-97 Department of Defense (DoD) budget.

We meet halfway through the first decade after the end of the Cold War. We have seen enough of this new security era to know that serious dangers persist, as well as great opportunities to advance peace and democracy. How best to counter those dangers and pursue those opportunities can generate honest debate. However, I believe there also is a tremendous basis for consensus, and it is in that spirit that I come before you today.

How best to handle the dangers and opportunities of the post-Cold War era has been exhaustively studied by the Department of Defense. Our strategy calls for a force structure that will be capable of fighting and winning two nearly simultaneous major regional conflicts, and conducting a wide range of other military operations. During the past year we have rigorously revalidated our strategy's major military requirements, and they are supported by the new budget and the FY 1996-2001 Future Years Defense Program (FYDP), whose implementation the budget begins. Our plans reflect my department's best judgment as to the strategy, force posture, and programs needed to protect U.S. interests and sustain America's crucial global leadership role. In explaining how they do that, I will organize my statement around three dominant defense challenges facing our nation in this new era. (Chart 1)

#### MANAGING THE USE OF MILITARY FORCE

The first challenge is managing the use of military force. (Chart 2) To support this challenge, the budget and FYDP:

- Sustains the force structure called for by our strategy. DoD has intensively and extensively validated the key assumptions underlying its strategy and force planning in rigorous ways, such as our comprehensive wargame Nimble Dancer.
- Maintains a robust overseas presence. This week, as a snapshot, we have 300,000 military personnel deployed overseas: approximately 100,000 permanently assigned to Europe, a similar number in the Pacific, and the remainder are today participating in contingency operations or are deployed at sea. We anticipate that we will continue about this same level during the budget period.
- Provides the capability to mount contingency operations. In FY 1994 our forces demonstrated this capability, especially during two operations: Vigilant Warrior, in which forces were deployed to Kuwait and Saudi Arabia, thereby deterring Iraqi aggression and demonstrating our resolve to fulfill our

commitments in that region; and Uphold Democracy, in which we deployed a substantial force to Haiti, to help reinstate the democratically elected president and government and provide a secure and stable environment for the return of functional governance.

- Ensures the continuous readiness of U.S. forces, as I will detail later.

DoD's thinking on managing the use of military force is reflected in our basic operational concept for major regional conflicts. (Chart 3) An overseas presence of forward-deployed forces contributes both deterrence and quick reaction. Sufficient strategic mobility enables the rapid projection of blocking forces into the conflict area. Cooperation with a coalition of nations can yield both allied help, as well as political pressure against potential aggressors. Superior technology and modernization enables us to apply decisive air power, combat technology, intelligence, and more. Committing overwhelming counter-offensive forces promotes rapid victory, with the least possible casualties. And providing the foundation to this operational concept for regional conflicts must be high readiness of U.S. forces.

The ability of U.S. forces to react to contingencies was vividly demonstrated in operation Vigilant Warrior. Some 121 aircraft deployed to the Persian Gulf theater in less than 7 days. A forward deployed amphibious readiness group moved into the area in one day. A mechanized infantry brigade deployed to Kuwait and was ready for combat in 3 days--demonstrating both our airlift capabilities and the benefits of having heavy equipment already in the theater. Another Army unit linked up with its equipment from prepositioned ships in 15 days. Finally, the George Washington carrier battle group moved from the Adriatic Sea to the Red Sea in 3 days. The impact of this rapid projection of military power: deterrence of new Iraqi aggression.

#### **PREVENTING REEMERGENCE OF NUCLEAR THREAT**

The second challenge is to prevent the emergence of a serious post-Cold War nuclear threat. (Chart 4) The cornerstone of our response was DoD's 1994 Nuclear Posture Review, whose recommendations were approved by the President last September. The Review called for reductions in strategic programs to reflect actual U.S. needs, thereby setting an example for other nuclear powers; plus a hedge strategy, which retains a U.S. force structure sufficient for deterrence. The new budget and FYDP retains this credible nuclear deterrence, although spending on strategic nuclear programs is much lower than during the Cold War. The NPR's hedge strategy also includes our approach to ballistic missile defense, detailed below.

Another element of our nuclear prevention challenge is the Cooperative Threat Reduction program, which focuses on the weapons in the former Soviet Union, which will be discussed in more detail later.

A third element of this challenge is counterproliferation-- preventing the spread of nuclear, biological, chemical, and missile capabilities, a growing threat to U.S. global interests. Regarding one such effort--the Framework Agreement with North Korea--I want to stress that there are no funds in this budget for the Agreement, because it does not call for any DoD funds. Additionally, our budget assumes that implementation of the Agreement will be successful; in the absence of this Agreement, we would be back to the position we were in last June, when we were planning to reinforce our defense posture in Korea. Should the Agreement not be implemented, reinforcements will be required, at a significant additional expense.

Ballistic missile defense is part of our hedge strategy as well. (Chart 5) Our highest priority continues to be theater missile defense, which addresses the immediate threat to U.S. forces deployed throughout the world. We have three core TMD programs, whose funding is shown on the attached chart. We are also proceeding with a National Missile Defense technology program aimed at achieving readiness to deploy such a system in a few years, if the threat requires.

The funding and objectives of the Cooperative Threat Reduction (CTR) program are shown on the next chart. (Chart 6) The slight decline in funding through FY 1997 does not reflect a decrease in DoD emphasis, but rather the timing of different aspects of the program. Indeed, I believe that this program will remain one of our most important. Some people have called CTR a nondefense program, but I call it defense by other means. How better to deal with weapons of mass destruction, than to dismantle them?

#### MANAGING THE DRAWDOWN IN POST-COLD WAR ERA

A final post-Cold War challenge is managing the drawdown of U.S. forces. (Chart 7) The new budget and FYDP maintain the force structure needed to support our defense strategy, protect readiness, ensure quality of life for military people and their families, and advance our plans for recapitalization. I will elaborate on each of these.

The drawdown of forces to the level called for by the new defense strategy will be nearly complete by the end of FY 1996. (Chart 8) At that time, DoD will have reduced active military personnel and force levels by over 30 percent since the beginning of FY 1990, the fiscal year in which the Berlin Wall fell. The ending of the drawdown will bring a welcome end to personnel turbulence.

Reflecting cuts in forces and infrastructure, personnel end strength continue to decline. (Chart 9) By FY 1999 active military end strength will level off at about 1,445,000--about 33 percent below its FY 1987 post-Vietnam peak of 2,174,200. In FY 1998 Selected Reserve end strength will hit its goal of 893,000--about 22 percent below the 1987 level of 1,150,900. DoD civilian end strength will decline to 728,000 in FY 2001--almost 36 percent below FY 1987 (1,133,100). The decline in active duty military and DoD civilians is nearly identical, but one precedes the other by several years.

#### **READINESS IS PROTECTED**

In formulating the new budget and FYDP, my department accorded the highest priority to preserving force readiness. Regarding our current readiness, there are several reasons why I am convinced that it remains high. (Chart 10) The most important indicator is that our Commanders in Chief (CINCs) report to me that they are ready to execute their current missions. This readiness was manifested by their successful execution of complex operations in Haiti, Iraq, and Rwanda. The professional skill demonstrated by our military men and women was superb.

Our military commanders also forward to me regular statistical reports. These show that our early-deploying forces are maintaining the high rates of readiness that they have been at for the last decade or more. The readiness problems of some of our late-deploying units, which became evident at the end of FY 1994, will be fixed by April 1995.

What about future readiness? (Chart 11) The FY 1996-97 budget protects readiness. My guidance for the formulation of this budget was that readiness should be the first priority and that other objectives could be traded off to ensure it. That guidance was followed. Additionally, the \$25 billion added by President Clinton late last year enabled us to support the readiness and quality of life measures we wanted in the budget. When I reviewed the FY 1996-97 budget with the military service chiefs, they confirmed for me that it fully funds needed operational training and the depot maintenance required to support our strategy.

However, the service chiefs also warned that the diversion of funds for unplanned contingencies would affect readiness. To prevent readiness problems, we are requesting speedy approval of an emergency supplemental appropriations to help pay DoD's FY 1995 costs for unbudgeted contingencies now underway. In this supplemental, we are also requesting a Readiness Preservation Authority, which would enable the Secretary of Defense to avoid diverting money from readiness to pay for contingency operations late in the current fiscal year. This authority would operate like overdraft protection on a checking

account, enabling DoD to protect readiness in anticipation of later funding.

To preserve readiness in the future, DoD will monitor it carefully and continually, as it is doing now. Our vehicles for doing this include the Senior Readiness Oversight Council, chaired by the Deputy Secretary of Defense. It meets once a month and has the authority to solve problems. In addition, we will stay on top of readiness through MBWA, "management by walking around". That means going out to military bases and talking with people. I and other senior DoD leaders do this all the time. No management tool is more important.

The central tenet of our readiness philosophy is that people are our most important asset. (Chart 12) As shown on the attached chart, it takes many years to develop first-rate leaders. People come first, not simply for sentimental reasons, but because they are our most productive investment. The superiority of America's armed forces derives primarily from the unsurpassed quality of our officers and noncommissioned officers, as well as the subordinates they train and lead. The most important part of my job is to develop these future leaders as a legacy for my successors, the 21st century Secretaries of Defense.

A key to readiness and effectiveness therefore is keeping quality people. (Chart 13) How do we plan to do that? First, by training realistically, which the new budget supports. For example, it funds 12 brigade rotations per year at the National Training Center, as well as superb exercises such as Red Flag, Bright Star, and Roving Sand.

Another contributor are the real missions, on which our forces deploy. Some people worry that such deployments hurt readiness. But for many units these operations are tremendously beneficial. For Army units at Fort Stewart, the Vigilant Warrior deployment to the Persian Gulf was the best possible training for its wartime missions. In Haiti our Special Operations people are actually carrying out civil-military activities, rather than merely training to do them.

The critical point is this: As long as we manage and fund them wisely, contingency operations need not degrade our force readiness. Indeed, most operations will likely provide very realistic training, as well as many intangible benefits of real-world experience. Real missions enable our military people to demonstrate the professionalism they have honed, and can be a great source of pride--especially when those missions deter aggression, save lives, promote democracy, and help people in need.

Keeping quality people also means that we must reenlist families, which leads to discussion of quality of life programs.

### QUALITY OF LIFE PROGRAMS

Providing a good quality of life (QOL) for service members and their families is both the right thing to do and crucial to sustaining the readiness of U.S. forces. (Chart 14) Reflecting this conviction, the new budget funds the full military pay raises provided for under law: 2.4 percent for FY 1996 and 3.1 percent for FY 1997. The budget also protects medical benefits. These are very important to people, and we could not have protected these benefits without the \$25 billion added by President Clinton.

Community and family support programs are central to my quality of life emphasis. Our plans call for a 23 percent increase in child care spaces by FY 1997. The FY 1995 and FY 1996 budgets include \$56 million for 20 new/expanded child care centers. Also planned are 18 new recreation centers, chapels, and fitness centers.

Finally I must talk about housing, which is the number one topic in every one of my base visits. At U.S. bases all around the world, housing is inadequate. Partly that is because of changed demographics. We no longer have a conscript force, and many more of our people are married. Additionally, housing programs have not kept pace with housing needs--including during the 1980s, when defense funds were more plentiful.

Our plans call for a 13 percent increase in housing dollars per active duty person (FY 1996 over FY 1994). But that is not enough. We cannot solve our housing problems just by seeking increased budgets, so we are looking at a housing initiative that seeks alternative ways of getting more housing for our people.

Beyond these traditional concerns, I recognize that quality of life can deteriorate when military people spend excessive time away from their home station--such as for lengthy contingency operations. We are taking steps to ensure that DoD standards for length of deployments for service members are maintained, except for unavoidable circumstances. For example, I have directed the greater use of reserve forces to relieve active duty units that have excessive commitments.

### MODERNIZATION/RECAPITALIZATION

The modernization of weapons and other systems is important to readiness, not this year or next, but 5 or 10 years from now. (Chart 15) To ensure that U.S. weapons will remain qualitatively superior to future adversaries, the new FYDP begins the recapitalization of America's armed forces--an undertaking that will continue well into the next century.

The drawdown of U.S. forces has allowed a delay in this recapitalization. As the force structure came down, the remaining units could be equipped with modern systems already fielded. But now we must now begin a new phase of modernization, in order to sustain the quality of the force over the long term.

Still, recapitalization will not require one-for-one replacement of major systems. Technology will help us find ways to do things better and smarter. We may not need as many systems. We should be able to sustain our equipment longer in the field by upgrading it with new technology. This will cost money as well, so in the end we need increased funding.

Resources for recapitalization will come from:

- Acquisition reform. We are confident that this will bring more efficiency, enabling us to lower the unit cost of buying new systems and lower the cost of sustaining those systems over their full life cycle.
- Reducing infrastructure. Base closures are the primary example of our efforts. By the end of this decade, base closings from 1988, 1991, and 1993 should yield savings of about \$4 billion a year.
- Outyear real budget growth.

Before looking at that outyear growth, it is important to consider where we are today. Procurement of key weapons like ships, aircraft, and tanks are at historical lows. (Chart 16) Still, because of the force drawdown the average age of some key systems in the field has gotten better. (Chart 17) For battle force ships the average age of the fleet has dropped, as has the average age of ships retired each year. On the other hand, the average age of our tanks, fighter and attack aircraft, and surface combatant ships is increasing. (Chart 18)

Requested budget authority for procurement in FY 1996 is \$39.4 billion--which, adjusting for inflation, is a decline of 71 percent from FY 1985 and the lowest level since 1950. (Chart 19) Budget authority for procurement in FY 2001 is projected to be 47 percent higher than in FY 1996.

#### DEFENSE BUDGET TRENDS

This increase for procurement is reflected in our topline data. (Chart 20) For 1996 the President's budget requests \$246.0 billion in budget authority and \$250.0 billion in outlays. FY 1996 budget authority is, in real terms, 39 percent below FY 1985, the peak year for inflation-adjusted DoD budget authority since the Korean War. By FY 1997 the cumulative real decline since FY 1985 will reach 41 percent.

The continuing decline in defense spending is reflected in other budget trends. (Chart 21) As a share of federal budget outlays, defense expenditures will fall to 13.5 percent by FY 2000--half the share in FY 1986. (Chart 22) Defense outlays as a share of the Gross Domestic Product will fall to 2.8 percent in FY 2000--less than half 1980's levels.

#### CLOSING

In sum, President Clinton's FY 1996-97 budget preserves our nation's security robustly and at reasonable cost. (Chart 23) My department funded force readiness as its highest priority and used as its guide: People come first. Our plans support the right force structure for the right strategy for this post-Cold War era. And to keep those forces second to none, DoD plans begin their recapitalization.

The past year has confirmed again the importance of America's global leadership and military power. With that in mind, I look forward to working with all of you toward the goal we all share: preserving the readiness, quality, morale, and superiority of our nation's armed forces--a continuing source of great pride for all our citizens.

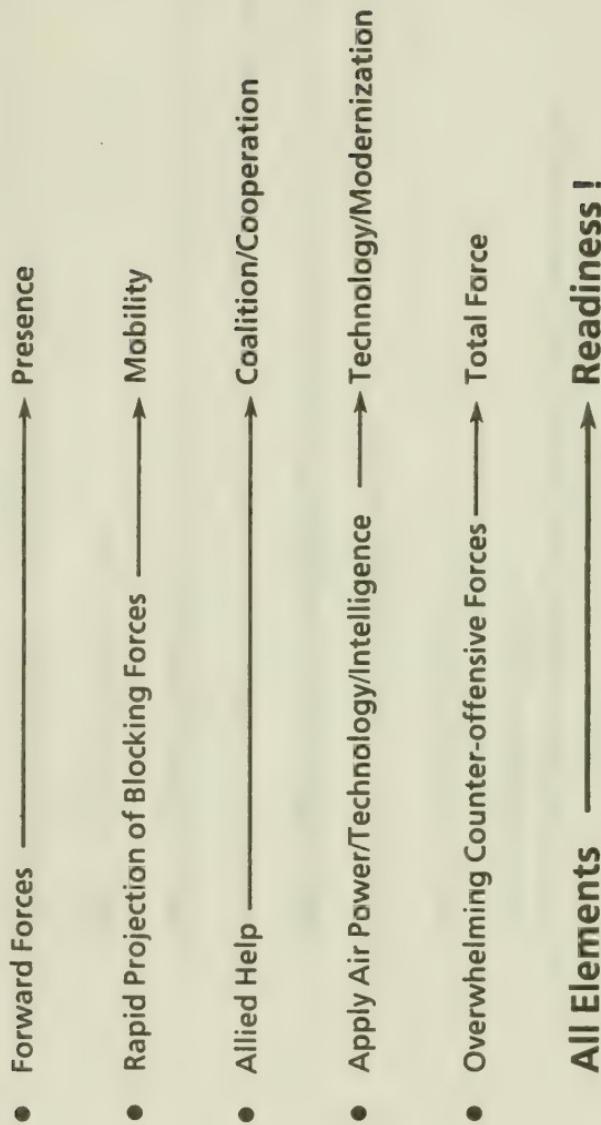
# **Defense Challenges**

- Managing Use of Military Force in Post Cold War Era
- Preventing Reemergence of Nuclear Threat
- Managing Drawdown in Post Cold War Era

# Managing Use of Military Force in Post Cold War Era

- Sustains force structure to support two nearly simultaneous MRCs
  - Nimble Dancer
- Maintains overseas presence
  - 300,000 Forces Deployed Overseas
- Provides capability to mount contingency operations
  - Vigilant Warrior
  - Uphold Democracy
- Ensures continuous readiness of forces

## **Basic Operational Concept for MRCs**



# Preventing Reemergence of Nuclear Threat

- Nuclear Posture Review
  - Hedge strategy
    - Retains nuclear deterrence
    - Ballistic Missile Defense
      - ... TMD
      - ... NMD
- Cooperative Threat Reduction
  - Counterproliferation
    - North Korea Framework Agreement

## **BALLISTIC MISSILE DEFENSE**

(Dollars in Millions)

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<b>Budget Request</b>	<b>2,739.6</b>	<b>2,912.9</b>	<b>3,038.2</b>
● Theater Missile Defense (TMD) continues to be highest priority.			
● Core TMD programs:			
Patriot Advance Capability Level-3 (PAC-3)	603.0	666.9	583.4
Theater High Altitude Area Defense System (THAAD)	624.1	589.9	740.9
Navy Area Defense (AEGIS/SM-2 Block IVA)	154.1	254.4	285.2
● National Missile Defense (NMD) technology program achieves readiness to deploy in a few years			
	390.0	370.6	399.0

# **COOPERATIVE THREAT REDUCTION**

(Dollars in Millions)

<b>Budget Request</b>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
	400.0	371.0	364.4

**Primary objectives of cooperative threat reduction:**

- Assist the former Soviet Union in destroying nuclear, chemical, and other weapons of mass destruction.
- Transport, store, disable, and safeguard weapons in connection with their destruction.
- Establish verifiable safeguards against the proliferation of such weapons.
- Facilitate demilitarization of defense industries and conversion of military capabilities and technologies.

## **Managing Drawdown in Post Cold War Era**

- Maintains Force Structure
- Protects Readiness
- Ensures Quality of Life
- Plans for Recapitalization

## Force Structure

	<u>Cold War Base 1990</u>	<u>Base Force</u>	<u>1996</u>	<u>Projected Goal</u>
<b>Land Forces</b>				
Army active divisions	18	12	10	10
Reserve Component Brigades	57	34	47 *	42 *
Marine Corps (3 Active / 1 Reserve)	4	4	4	4
<b>Navy</b>				
Battle force ships	546	430	365	346
Aircraft carriers				
Active	15	13	11	11
Reserve	1	-	1	1
Navy carrier wings				
Active	13	11	10	10
Reserve	2	2	1	1
<b>Air Force</b>				
Active fighter wings	24	15.3	13	13
Reserve fighter wings	12	11.3	7	7

\* Includes 15 enhanced readiness brigades (equivalent to 5+ divisions)

**DoD PERSONNEL**  
 (End Strength In Thousands)

	<u>FY 94</u>	<u>Change</u>	<u>FY 95</u>	<u>Change</u>	<u>FY 96</u>	<u>Change</u>	<u>FY 97</u>	<u>Goal</u>
<b>Active Military</b>								
Army	540	-30	510	-15	495	-	495	495
Navy	471	-32	439	-11	428	-19	409	395
Marine Corps	174	-	174	-	174	-	174	174
Air Force	426	-26	400	-12	388	-3	385	382
<b>Total Active</b>	<b>1,611</b>	<b>-88</b>	<b>1,523</b>	<b>-38</b>	<b>1,485</b>	<b>-21</b>	<b>1,464</b>	<b>1,445</b>
<b>Selected Reserves</b>	<b>1,025</b>	<b>-60</b>	<b>965</b>	<b>-38</b>	<b>927</b>	<b>-26</b>	<b>901</b>	<b>893</b>
<b>Civilians</b>	<b>923</b>	<b>-56</b>	<b>867</b>	<b>-38</b>	<b>829</b>	<b>-30</b>	<b>799</b>	<b>728</b>

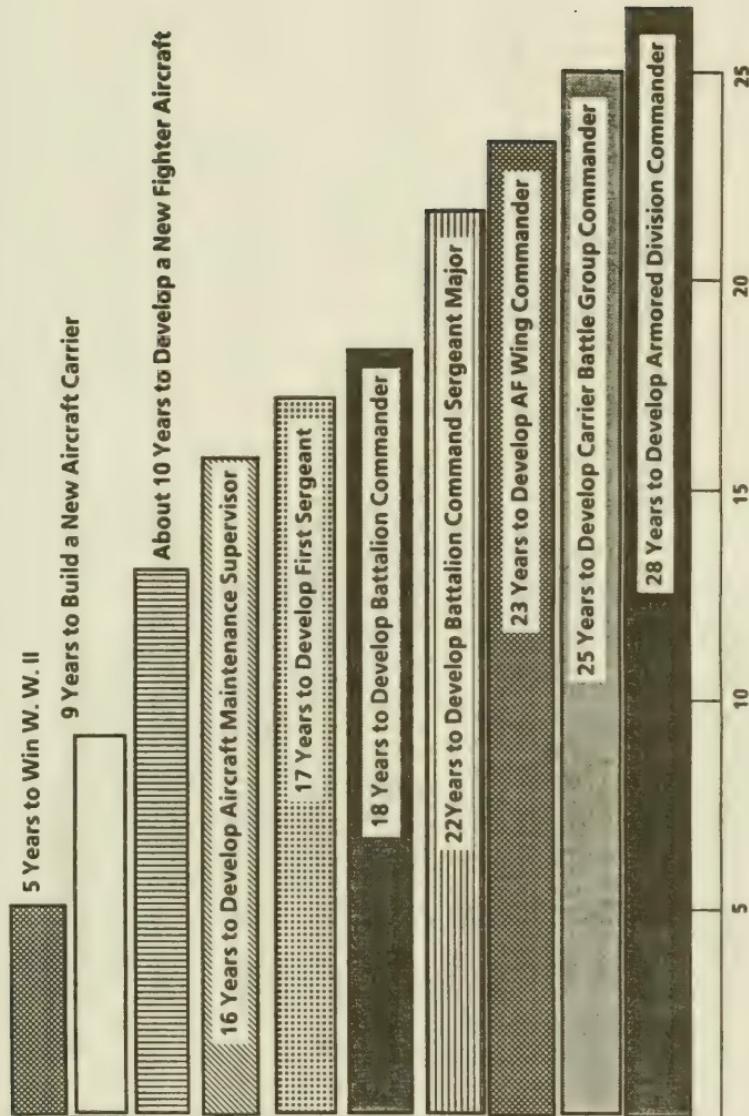
## **Current Readiness**

- CINCs report ready to execute current mission
- CINCs demonstrated readiness for current mission
  - Haiti
  - Iraq
  - Rwanda
- Statistical reporting system shows early deployers at historical high rates of readiness
- FY 1994 problems of late deployers to be fixed by April 1995

## Future Readiness

- Budget protects readiness
  - Guidance made readiness first priority
  - President added \$25 billion
- All Service Chiefs confirm FY 1996 budget fully funds:
  - Operational Training
  - Depot Maintenance for 2 MRCs
- Diversion of funds for unplanned contingencies would affect readiness
  - Emergency Supplemental
  - Readiness Preservation Authority
- Will Monitor readiness carefully and continually
  - SROC/JMRR
  - MBWA

## PEOPLE, OUR MOST IMPORTANT ASSET



# Keeping Quality People

- Train realistically
  - 12 NTC Brigade rotations per year
  - Red Flag exercise
  - Bright Star exercise
  - Roving Sand exercise
- Deploy on real missions
  - Vigilant Warrior
  - Uphold Democracy
- Reenlist Families

## **QUALITY OF LIFE PROGRAMS**

### **COMPENSATION**

- Fully funds legal pay raise
- Protects medical benefits

### **COMMUNITY AND FAMILY SUPPORT**

- 20 new child care/day care centers
- 18 recreation/fitness centers and chapels

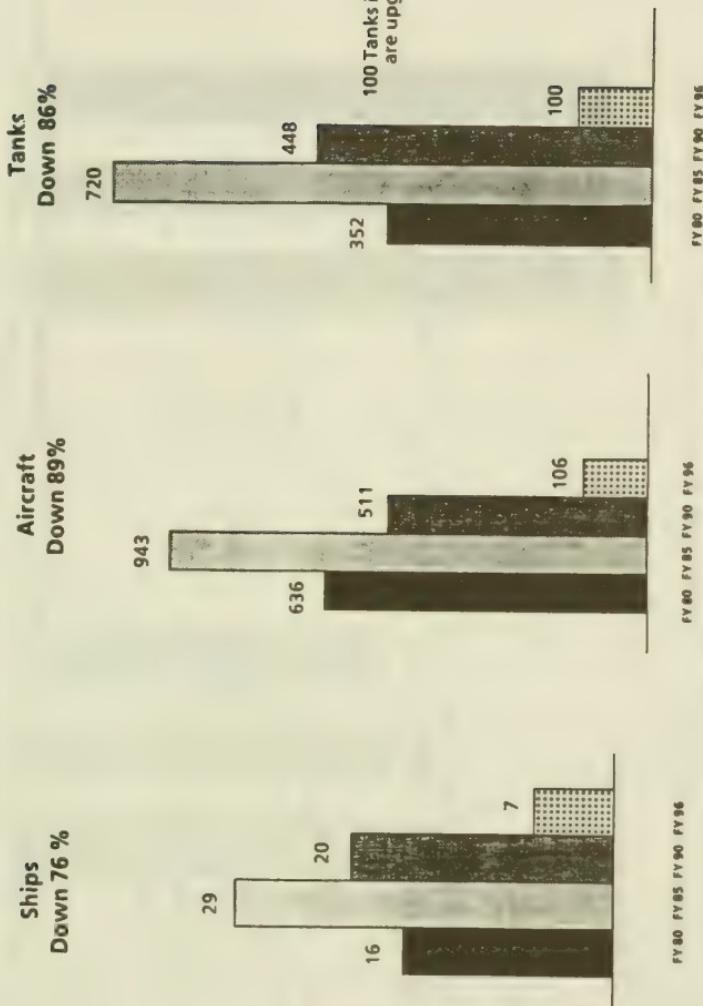
### **HOUSING**

- 13% increase in housing dollars per active duty (FY 1996 over FY 1994)
- Will propose housing initiative

## **MODERNIZATION/RECAPITALIZATION**

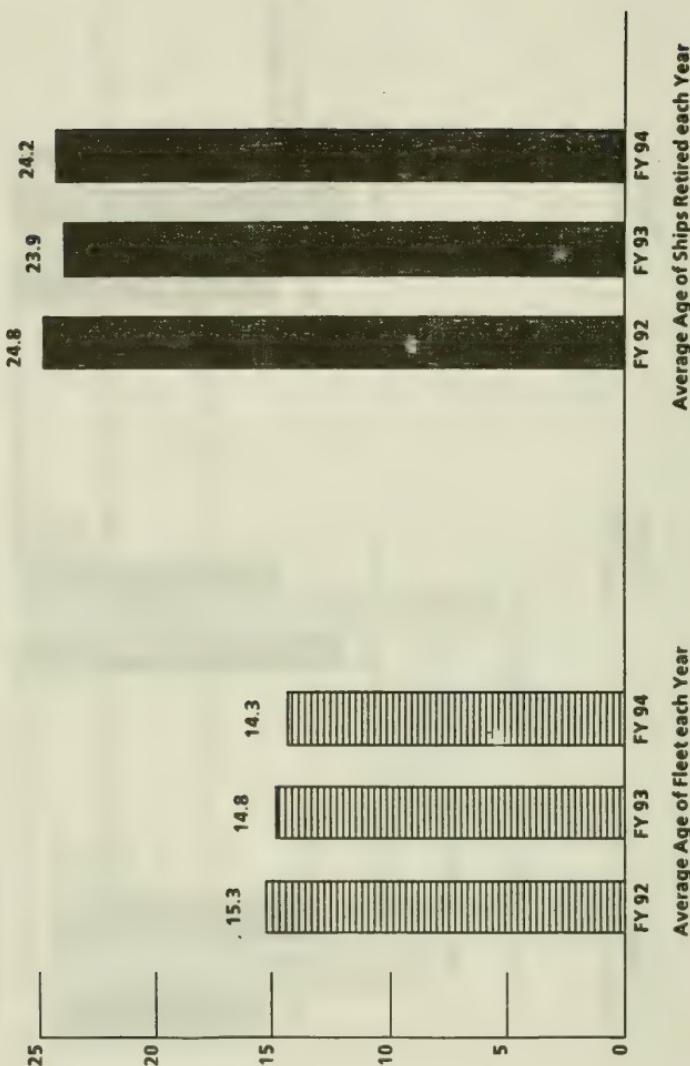
- Force drawdown has allowed delay in recapitalization
- Modernization rate will require increase to sustain force over long term
- Recapitalization will not require one-for-one replacement
- Resources from:
  - Acquisition reform efficiency
  - Reducing Infrastructure
  - Outyear real budget growth

## Historical Procurement Trends

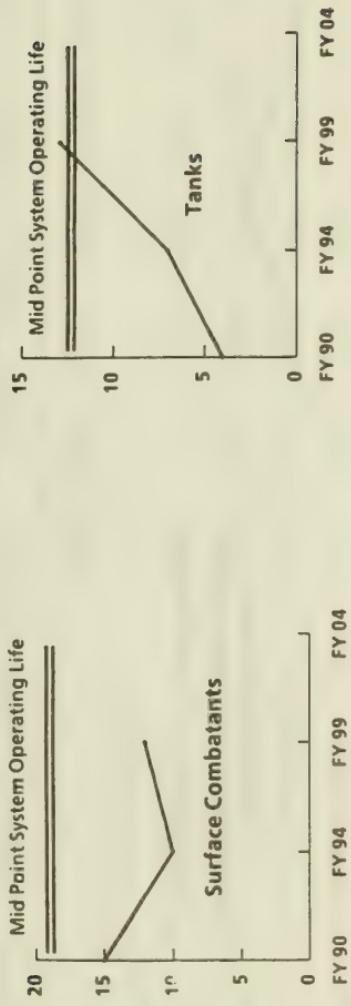


## DoD Battle Force Ships

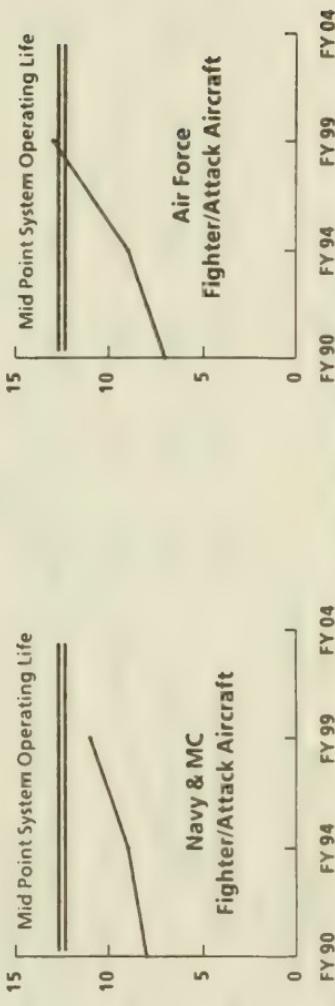
(Age of Fleet vs Age at Retirement)



## Average Ages of Selected DoD Weapons

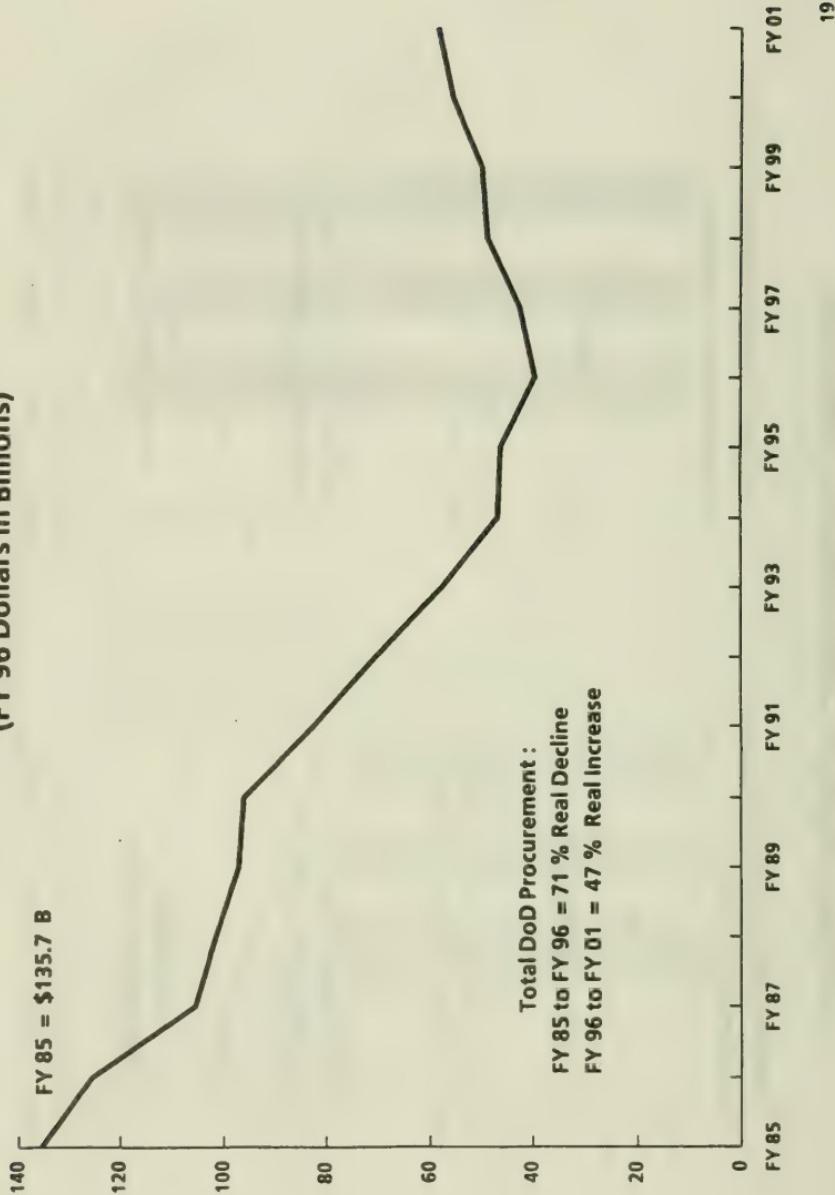


41



18

## Defense Procurement Recapitalization (FY 96 Dollars in Billions)



# NATIONAL DEFENSE TOPLINE

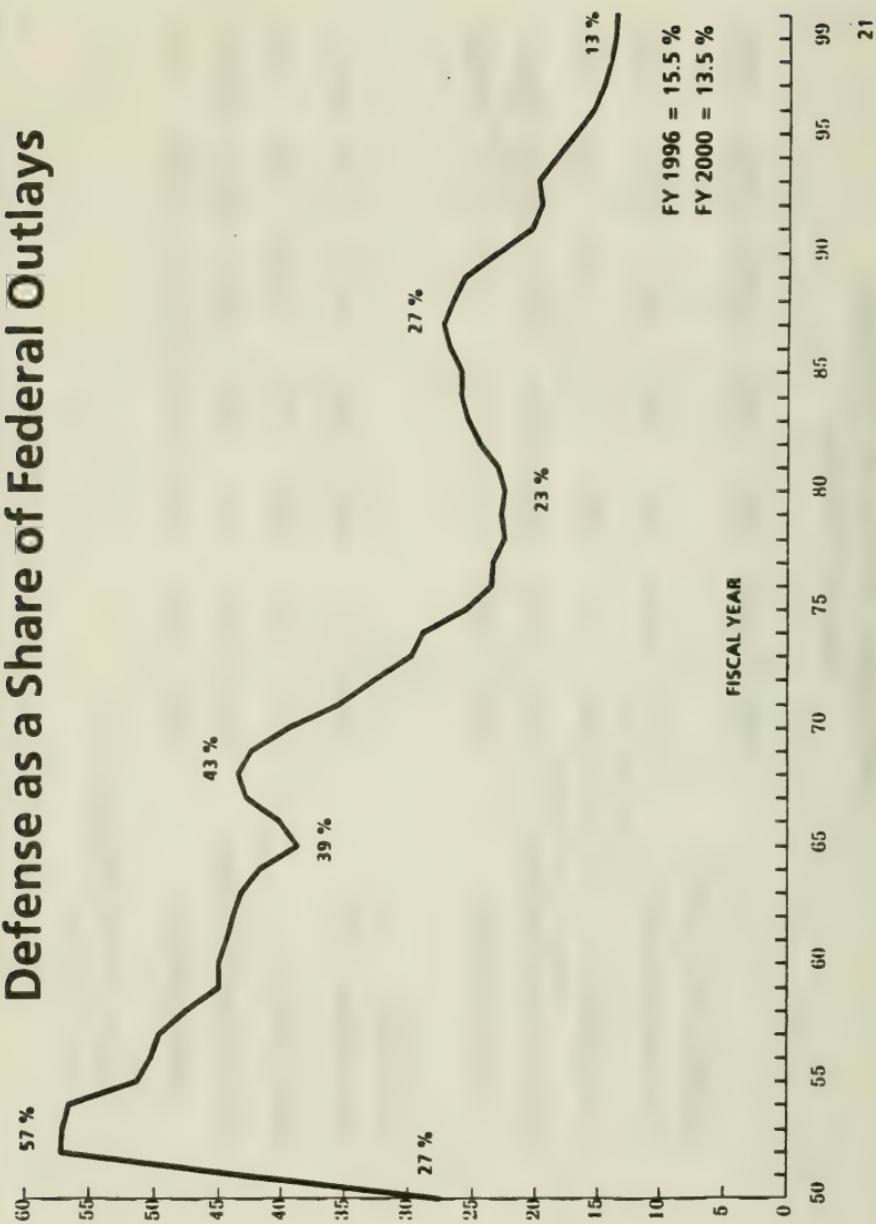
(Current \$ Billions)

43

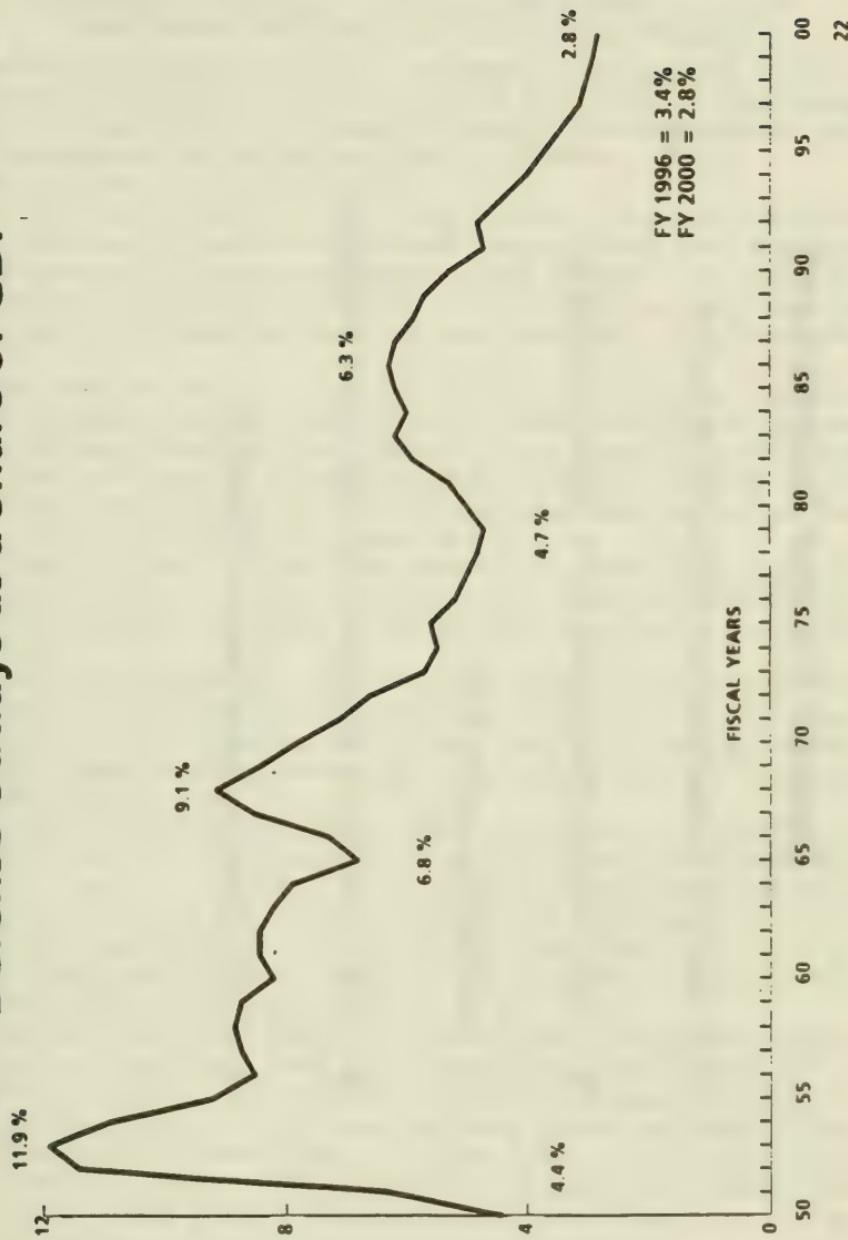
	<u>1995*</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>BUDGET AUTHORITY</b>							
DoD military - 051	252.6	246.0	242.8	249.7	256.3	266.2	276.6
DoE & other	10.9	11.8	10.6	9.9	9.9	9.9	9.9
Total national defense	263.5	257.8	253.4	259.6	266.3	276.0	286.5
% Real change	-1.9	-5.3	-4.1	-0.1	-0.2	+1.1	+1.2
<b>OUTLAYS</b>							
DoD military - 051	260.2	250.0	246.1	244.2	249.6	257.9	261.6
DoE & other	11.4	11.4	10.9	10.3	10.0	9.9	9.9
Total national defense	271.6	261.4	257.0	254.5	259.7	267.8	271.5
% Real change	-5.4	-6.6	-4.4	-3.6	-0.6	+0.6	-1.2

- \* Assumes FY 1995 \$2.6 supplemental

## Defense as a Share of Federal Outlays



## Defense Outlays as a Share of GDP



## **Overall Budget Assessment**

This budget preserves our national security

- DoD funded readiness as its highest priority;
- People come first
- The right force structure for the right strategy
- DoD plans outyear recapitalization

**STATEMENT OF GEN. JOHN M. SHALIKASHVILI, USA,  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF**

General SHALIKASHVILI. Mr. Chairman, Congressman Dellums, members of the committee, if you would permit my written statement to be entered in the record, I have a few oral comments to reinforce some of the points just made by Secretary Perry.

The CHAIRMAN. Without objection.

General SHALIKASHVILI. I am very pleased to share my views about the state of our Armed Forces. Looking back over this past year at events in Bosnia and Somalia and Rwanda and Haiti, the challenges of the gulf and in Korea and everything else that our forces have been involved in, it has been a difficult and demanding year.

What have we learned from this year? I think there are three distinct lessons worth mentioning to you. What stands out foremost is the caliber of the men and women in our Armed Forces. There is no need to chronicle everything that they have done in all the places we already referred to. You know what they have done and how extraordinarily well they have done it.

The certain lesson is that they remain our most precious asset. The second lesson we learn is that we are in an era in which we are going to have to retain a powerful, and, yes, a very ready military force.

General SHALIKASHVILI. Only 4 months ago, at a time when we were only 3 weeks into our operation in Haiti, several of Saddam Hussein's readiest divisions bolted very suddenly from their garrisons and began a very threatening movement to the south toward Kuwait's borders.

A rapid decision was made to order our forces to deploy to the region to position themselves to block yet another attack on our gulf ally. Once the order was given, an amphibious readiness group was in position in 1 day. Two days after this, the *George Washington* carrier battle group had moved from the Adriatic to the Red Sea, an army mechanized infantry brigade had deployed to Kuwait to draw its preposition equipment.

Seven days after the order, 121 aircraft were on station, and in 15 days an army task force had joined the infantry brigade and was ready to fight using equipment from prepositioned ships.

No sooner had our forces begun arriving when we watched Saddam Hussein's divisions first slow, then halt, and then turn back to the north to return to their garrisons. I think the warning was clear. What stood between Iraq's divisions and our ally was the readiness of our forces; readiness to deploy so rapidly.

A few years back we began using the term "uncertainty" to describe our security situation. For many, because of its vagueness, the term seemed unbounded, too unbounded, making it very difficult to decide with any confidence the old question of how much was enough.

This past year has given us a snapshot of uncertainty in progress. It is exploding nations such as Yugoslavia, Rwanda, and Somalia. It is Russia, still struggling to progress on a path of reform, but with events like Chechnya, leaving Russians and Americans alike wondering whether the struggle for democracy is going to succeed. And it is nations like North Korea and Iran threatening

their neighbors and threatening attempts to control weapons of mass destruction.

The reality is that we are going to be worrying about uncertainty around the globe and about the course of reform in Russia and Eastern Europe for some time to come. And so we are going to have to preserve a strong military. We are going to have to remain ready for the unexpected.

And there is a third lesson from this past year as well. The events of this period validated the strategic planning that framed the Bottom-Up Review. We were correct to choose Korea and southwest Asia as the places where we might face two near-simultaneous regional contingencies. This year we saw tensions in Korea reach a very dangerous stage, and as I already noted, we actually deployed forces to southwest Asia.

There were many times during the year when we were balancing very serious tensions in two or three different theaters simultaneously. Our deployment to southwest Asia occurred in the midst of our operations in Haiti. Certainly, this past year proved the necessity to be able to fight and win in two near-simultaneous regional conflicts.

But I think that for some there are questions whether the force recommended in the Bottom-Up Review and in this budget is large enough and powerful enough to fulfill the strategy. While some further analysis is still ongoing, the Joint Chiefs, the CINC's and I, share the view that as we fill the force enforcement and enhancements identified in the Bottom-Up Review, we will be able to fight and win two near-simultaneous regional conflicts with an acceptable degree of risk. That is, the force will be large enough if we invest in enhancing the force and if our units stay ready and continue to be manned with the same remarkable quality of people that we have in uniform today.

To this end, our highest priority must remain retaining these extraordinary men and women and recruiting more like them. As Secretary Perry already stated, included in this budget is a request for additional funding, the start of a \$25 billion increase that will be added over the next 6 years. I encourage you to approve this increase because it is needed to ensure that we maintain this quality force.

Part of the \$25 billion, as you already heard, will go to what is improving the pay and quality of life that we offer our people, specifically, some of that money will be used for badly needed pay increases; and part of that money will go towards reducing the gap in what we are supposed to compensate those who are forced to live off base; a gap which today is troublesome.

More will go to what is beginning the refurbishment of merit housing, and some of the many barracks and dormitory spaces that we must maintain for those that live on base and for adding more child-care spaces for our working families.

Over the years we have been deferring repairs on housing and other key facilities and have built a maintenance backlog that needs to be reduced and eventually eliminated to ensure that our people live and work in decent, well kept facilities. And this budget begins to reverse that trend.

Much has been said about the readiness of our forces, and rightfully so, for none of us want to see a return to the hollow forces of yesteryear. Several months ago, as you have already heard, when some of our forces to include three army divisions reported that their readiness had declined, it raised questions in the media and here in Congress about the overall readiness of our forces. So I, too, would like to place that incident in context and offer my views on the state of our readiness today and projections for tomorrow.

The reduced readiness of those units, as you well know, was a direct consequence of operations and maintenance funds that had to be diverted to pay for unexpected contingency operations. As a result, the unit commanders were compelled to cancel important training and to defer needed maintenance on the equipment which caused their readiness ratings to sag. This was a predictable outcome and we did predict months in advance that unless we supplemented these accounts in time there would be readiness problems. And when those problems occurred, our commanders called them honestly.

Today, the Department, the Joint Chiefs, the CINC's and I are watching readiness more closely and in more ways than at any time I can remember. As the Secretary already mentioned, he has established a Senior Readiness Oversight Council. We also have formed a formal joint readiness review done by senior military leaders that occurs monthly as well to examine the state of our readiness.

And while the services continue to measure the readiness of our units, we have developed and began implementing a joint readiness system that allows us, for the very first time, to examine the readiness of our forces to perform joint operations. These different looks at readiness will not prevent readiness problems. They are designed to give us better confidence that we can detect and correct what problems do occur in a timely manner. And what these more extensive and better focused reviews, all of which are based upon readiness data submitted by commanders in the field, what they indicate is that today the readiness of our forward deployed forces and those designated first to fight, continues to be high.

One of the three army divisions just mentioned will soon regain its former readiness rating, while the other two are starting their scheduled inactivations. The readiness of all other forces is essentially at historic levels.

And there is one other point I would like to note about readiness. There is legitimate concern that recent contingencies and deployments have degraded the readiness of units and crews we have sent to perform these missions. I would like to put this concern into perspective as well.

Very often when we send units to these operations, although it means that they will not participate in their normal peacetime training cycles, it does not necessarily mean that the unit is not getting the right kind of training.

For example, when a carrier is sitting in the Red Sea to deter Iraq, its pilots and crew are experiencing the best possible training, and certainly there is no degradation of their skills. But there are some deployments, such as the mission the 10th Infantry Division

was doing in Haiti, where, over time, the unit could lose its edge for some of its most important missions that are being able to fight and win our Nation's wars.

In those cases, we work very hard to rotate units through as we have just done in Haiti, by replacing the 10th Division with the 25th Division so that we can return the 10th Division to proficiency in its war-fighting skills.

Let me add that for our men and women in uniform, they receive the highest satisfaction when they are actually doing missions for which they joined the military; that is through hard, rigorous, and demanding training or by deploying on actual operations. This is what our people expect and that is what they find most satisfying.

But prolonged and dangerous deployments do put great strains on their families and that is yet another reason why the improvements that Secretary Perry detailed when he explained why we need an additional \$25 billion are so very critical. When our forces deploy, we owe to our men and women the knowledge that their families left behind are not only safe, but also well cared for.

Now, what concerns me as much as our near-term readiness is our need to ensure our long-term readiness. And by this I am referring to modernization and the fielding of enhancements that were part of the Bottom-Up Review. The past 8 years of declining budget outlays have, in fact, caused the cancellation, the stretchout or rescheduling of many of our modernization programs.

The end of the cold war, as Secretary Perry just mentioned, justified a number of these actions. We were left with a large inventory of modern equipment that we purchased in the 1980's that in many areas will see us through the end of the century. But that time is now quickly approaching.

Over the past few years, we restructured our modernization plans, streamlining as we did so, to both ensure that our forces remained technologically unmatched and to ensure we do not reach a point, as was shown on the slides by Secretary Perry, where vital systems become obsolete or too expensive to maintain or simply worn out because of age. To prevent this, we have to follow through on our needed modernization programs.

Moreover, the heart of the Bottom-Up Review was to reduce our forces, but also to compensate for these reductions by enhancing the capabilities of our smaller force, making them faster to deploy and ounce for ounce more capable and effective once they arrived.

Included among these enhancements are more strategic lift, preposition equipment sets at selected forward locations, improved and expanded command, control, and communications, computers and intelligence; and increased numbers of long-range precision systems and munitions. These enhancements have to be fielded. We have to stay this course, because without these enhancements, the risks to our forces would become unacceptably high.

Our challenge now is to balance today's readiness with the need for investment in the future. We must make prudent investments in modernization if we are to ensure that tomorrow's readiness is equal to tomorrow's challenges.

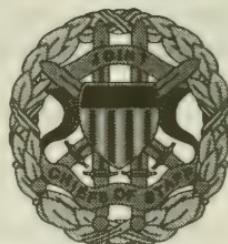
Keeping our near-term readiness high depends on the timely restoration of funds devoted for unplanned contingencies. But our long-term readiness rests instead on difficult and adequate invest-

ments in quality people, technologically superior and well-maintained equipment, and the enhancements that we need to make our forces more effective.

Once again, I am very proud to be here representing our Nation's outstanding soldiers, sailors, airmen, and marines, and with that, Mr. Chairman, I think both of us are prepared to answer your questions.

[The prepared statement of General Shalikashvili follows:]

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Committee on National Security  
House of Representatives



## POSTURE STATEMENT

BY  
**GENERAL JOHN M. SHALIKASHVILI**  
**CHAIRMAN OF THE**  
**JOINT CHIEFS OF STAFF**

BEFORE THE UNITED STATES CONGRESS  
COMMITTEE ON NATIONAL SECURITY  
UNITED STATES HOUSE OF REPRESENTATIVES  
8 FEBRUARY 2001

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Committee on National Security  
House of Representatives

I am pleased to be here today to share my views about the state of our Armed Forces.

Last year, I remarked that our discussions were set against the backdrop of a serious debate. At that time, some believed that our defense budgets were still too high, while others were convinced we had already cut too much. Twelve months later, the debate seems to have gained added stridency. It also appears to have found a new center. The question we seem to be asking this time is whether we've added enough back in.

Ever since we began this still ongoing round of reductions, all have been mindful that every time in this century America has drawn down, we blundered and did it badly. This happened after the First and Second World Wars, after Korea, and after Vietnam. Each time, after ignoring the warnings of past failures we repeated the same remorseful cycle: we cut too deep and we reduced too fast. Not long afterward we regretted it dearly.

So we need this debate and it should be vigorous. We must not repeat the tragedies of the past. I only hope that what I have to offer is helpful as you make decisions on the issues before you.

Looking back over the past year, at events in Bosnia, Somalia, Rwanda, Haiti, the challenges in the Gulf and Korea, and everything else that our forces have been involved in, it has been a difficult and demanding year. What have we learned from this year? I think there are three distinct lessons worth your attention today.

What stands out foremost is the caliber of men and women in our Armed Forces. There is no need to chronicle everything they've accomplished in all of the places just named. You know what they've done and you know how extraordinarily well they've done it. They remain our most precious asset.



## New World Regional Challenges



But dwell for a moment on the great magnitude and complexity of tasks we asked of them. In the last year, the Transportation Command executed the equivalent of five Berlin airlifts. At one time or another, four nations depended on our forces for humanitarian supplies. At Guantanamo Bay and Panama, we constructed tent cities and kept their populations clothed and fed. In Rwanda, it took our forces less than three weeks to build an airbridge into one of the world's most remote and underdeveloped regions and deliver enough clean water, food and medicines to push back the flood of dying.

Many of these operations were dangerous. Twice, we deployed major forces for combat operations. The first was to Haiti, when in a tense evening we launched an invasion just as a last-ditch diplomatic effort became hopelessly stalled and on the verge of failure. In a "remarkable" turn of events, the moment that Haiti's rulers were alerted that our forces were in the air and heading their way, our negotiators watched three years of defiance rapidly melt away and a

bloodless transition to democracy was promptly arranged. This was the first time in our history that we launched an invasion and then recalled it in midstream. As the Secretary of State remarked the next morning, it would be hard to imagine a more exquisite marriage between diplomacy and force. It would be even harder to imagine a more suspenseful marriage.

Then, only three weeks later, we detected three of Saddam's divisions bolting from their garrisons and maneuvering toward Kuwait. Without hesitation, we alerted a large combat force and almost overnight began deploying that force with orders to fight, if necessary. Again, in a dramatic turnabout, as the first of our forces moved swiftly into theater, we watched Saddam's divisions first slow, then halt, and then hurriedly reverse direction and return to their garrisons. It was a striking illustration of successful deterrence at its best; swift decisions, a powerful response by ready forces, and such rapid execution that we were there before the breach was made.

Not since the Second World War have we engaged in so many operations in such a condensed period. At times, up to six separate Joint Task Forces were in the field. To make this happen took an unprecedented degree of decentralization. As well, the unique character of many of these operations diluted the advantages normally afforded by our superior equipment and advanced technology. What separated success from failure came down to one vital ingredient. That was the remarkable qualities of our people: superb and thoughtful leadership; and courage, grit, and improvisation at all ranks.

We often talk about how great our military is. It is indeed great, in fact, the very finest in the world. This past year, our men and women demonstrated precisely why they deserve this reputation.

Then, there was a second lesson. Several years ago, when we first referred to uncertainty as a threat, one member of Congress pointedly asked,

"And just how many tanks does uncertainty have?" It was a shrewdly couched question that penetrated to the core of our quandary. Every year, for half a century, we grew used to generals and admirals coming here to the Hill and pointing with complete confidence at the same habitual threat, a threat we grew to know and understand in great detail.

Yet, even with such complete confidence and clarity, we still debated at length about what we needed to defend ourselves. How could we possibly measure and agree on our needs against something as shadowy and fathomless as uncertainty?

We still may not be any closer to knowing how many tanks uncertainty has, but the past few years have shed some light on its shadows. It is unstable, violent and dangerous, with a large arsenal of exploding nations, ethnic outbursts, and clashing nationalisms. Caught in its grip are several powerful nations struggling to remain on a path of reforms, right beside dozens of smaller, newly founded, and threadbare nations simply struggling to survive. And from this uncertainty are other nations building, or trying to build, weapons of mass destruction. We also now understand that this uncertainty is not going to go away quickly: it is going to be with us for a while, perhaps well into the next century.

For Americans, there is this reality: out of the stream of events unfolding around us, an entirely new world order is being forged. We are experiencing the kind of enormous upheaval that comes only once every few generations.

And from this comes the third lesson. The profusion of Operations Other Than War (OOTW) has elicited a stream of ideas about how to restructure or reorient our forces specifically for this purpose. This would be wrong. We cannot become confused about the fundamental purpose of our Armed Forces. That purpose is their readiness to fight and win our nation's wars. No other

purpose is as vital to our security. As we reshape and train our forces, it must be for this purpose above all others.

It is an often quoted fact that throughout our nation's history no man or woman has ever completed a 20-year military career when this nation did not engage in armed conflict at least once. In the past eight years, no man or woman has even completed a term of enlistment without this happening.

The warning is clear. Our forces must stay ready to fight and win.

### THE FUTURE FORCE

Since 1991, we have been through four exhaustive assessments of how many and what kind of forces we need. Most recently, the size and mix of our conventional forces was established through the Bottom Up Review, and the even more recently completed Nuclear Posture Review established our strategic force posture for entering the next century.

While the process of finding a new endpoint attracted the lion's share of the public's attention, a great deal more has been done to reorient our forces and to reorder the other elements of our defense. A new military strategy was developed and is now in its second stage of refinement. New approaches to readiness, sustainment, and modernization have been implemented. All of the Services have adapted their doctrines and are well on the way toward adapting their forces to the challenges of a different world. And the progression of jointness has accelerated.

Within the strategic nuclear area, we have already cut our investment by some 75%, made major changes in our alert posture and weapons targeting, and are well into a major force reduction as we move toward START limits.

Driving these changes is our response to three revolutions that are sweeping us into the next century. The first of these is the changing world order set in motion by the end of the Cold War. This has caused profound changes to our strategy, our military posture, our missions, and our doctrines.

We have shifted from a global strategy against a global foe, to a global strategy focused on regional threats. We are nearly done repositioning large numbers of our forces and are still in the process of prepositioning equipment and warstocks to align with this new strategy. Significant numbers of forces have returned home from their overseas Cold War garrisons to support a new global power projection strategy. Our force building priorities have been reordered to meet our new needs. At the same time, we are adjusting our overseas force -- around 100,000 in the Pacific and approximately 100,000 in Europe -- to help preserve stability in these two vital regions as well as retain forces an ocean closer to potential trouble spots. We have begun reorienting our alliances to new challenges. For example, in NATO, we have developed and implemented the Partnership For Peace (PFP) Program, an active program to reach out to our former adversaries through military-to-military contacts, and have opened International Military Education and Training (IMET) to foreign militaries of many of the same nations. These programs are invaluable for building new security architecture in a Europe that was divided for forty-five years and in emerging democracies worldwide. All of this is being done in response to this first revolution: the changing world order.

The second revolution is the result of defense budget outlays that have been shrinking for eight consecutive years. It is not just the fact that our budget has been shrinking. This revolution is framed by the fact that by 1999 our force will be one third smaller than it was in 1988, but in real terms our budget will be around 40% less than what it was that same year.

What these figures suggest is that we are going to have to be revolutionary in our thinking and in finding new ways to lead and manage our forces. We are going to have to look for every feasible way to do our business more efficiently, whether that is how we procure our equipment, how we house and care for our forces, or even how we use our forces to accomplish our missions.

In response, we are pursuing a number of initiatives, mostly through greater jointness. The joint reforms that Congress ordered back in 1986 have been implemented. Due largely to assistance from the Congress, another proven tool for maintaining and improving our joint warfighting capabilities is the Joint Professional Military Education (JPME) Program. Our Unified Commands are now staffed with the best-educated men and women we can offer, fully versed in the joint arena, and able to effectively combine the unique capabilities that each of our Services has to offer. JPME has become one of the foundations of our joint operations capabilities by producing officers who can respond rapidly to short-notice crises as well as develop visionary strategies -- leaders who think creatively and critically.

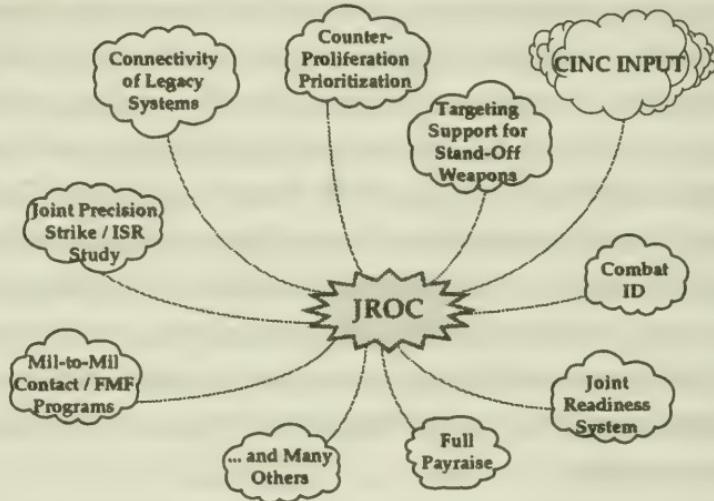
This year, we established the Joint Warfighting Center as the locus of world-wide joint exercises and joint simulations. This new center will support our CINCs in continually refining joint exercises and training through the use of joint simulations that improve the readiness of our commanders and staffs.

We are now carrying the same spirit embodied in Goldwater-Nichols to spearhead new ways of looking at our warfighting responsibilities. The Vice Chairman of the Joint Chiefs and the Vice Chiefs of the Services meet weekly as the expanded Joint Requirements Oversight Council (JROC). The JROC cuts across compartmentalization and traditional service turf to examine every battlefield and strategic function, to look for ways to employ our forces more efficiently and effectively, and to determine the best way to spend our precious

research, development, and acquisition dollars to modernize and improve our existing forces.



## Where The JROC Has Been ...



One of the most important products of this expanded JROC is the sharing of ideas and technologies and the imposition of joint interoperability standards. Another product is that our Services are working together to build common and mutually supportive approaches. The result will be a future force that is more and more streamlined by jointness.

In the Gulf War in 1991, our forces had very few joint manuals to guide their efforts. Today, we are publishing new doctrinal manuals at a rate of four per month. In the Haiti operation, our invasion force included Army forces and Army helicopters poised on Navy carriers. Remembering back to Grenada,

where Army helicopters were at first not even permitted to land on Navy carriers, you can appreciate the magnitude of cultural change. But it remains, and I suspect it always will remain, a work in progress.

Another way we are adding effectiveness is to continue to examine how we divide the roles, missions, and functions between our forces. By next summer, the Congressionally-mandated Commission on Roles and Missions is scheduled to report back to Congress. As news accounts have accurately reported, the Services, the CINCs, and the Joint Staff are working with this commission and providing candid views and analysis about what should and should not be changed.

Then there is the third revolution, which runs counter to all of the downward pressures exuded by the second. This one is the battlefield revolution that we ourselves ignited with our doctrinal and technological innovations. The Gulf War showed a snapshot of this revolution in progress.

What we set in motion is an entirely new era in warfare. It is not a quickfire revolutionary change catapulted by any one invention or one idea. Instead it is a quickly moving progression of advances across a broad front of concepts, technologies, and functions. The radar evading technologies of a few squadrons of stealth aircraft are spreading to other systems. Our inventories of long-range precision weapons are growing. Faster, more capable computer chips, digital systems, and other advances are creating staggering improvements that effect every function of modern battle. The combination of what is being done in military research and development in our partnership with civilian industry and their laboratories is creating a host of promising technologies. Our improving capabilities to fight at night and in poor weather, and our dominance in space that ensures that our commanders have extraordinary situational awareness, are giving our forces the ability to drive the

tempo and depth of battle beyond the endurance and capability of any potential enemy. What is changing is the very nature of modern battle.

As we proceed into the next century, in one way or another, it is these three revolutions that drive our every effort.

### FORCE STRUCTURE

The force recommended in this budget bases its size and capabilities on the National Security Strategy. That strategy calls for a triad of strategic nuclear forces, and a mix of strategic and non-strategic nuclear systems positioned at home and deployed overseas, of sufficient size and capability to deter any future hostile nation with access to nuclear weapons from using these weapons against our interests. That strategy also requires us to be able to fight and win two, nearly simultaneous, major regional conflicts. The past year has thoroughly validated this "two MRC" requirement.

Each time when we were on the verge of committing forces to a contingency, foremost on our minds was looking over our shoulders to ensure that the remainder of our forces were ready and postured in the event a conflict erupted elsewhere. Early in the year, tensions with North Korea rose to such a point that they could only be described as edging toward war. Later in the year, we actually had to deploy forces against Iraq. Aside from validating that we were right to select these two nations as the current adversaries for our two contingency force, this past year also validated the plausibility that we could find ourselves enmeshed in two nearly simultaneous regional conflicts. Many times, we were balancing tensions in two or three different regions at once. Even though Haiti was not a major conflict, we were in the midst of that operation when we sent our forces to protect Kuwait. Anybody who sat in my chair this past year wouldn't have any reservations whether or not the requirement for "two-MRCs" is the right strategic choice. We cannot afford less.

But even as you accept that this is so, you might still question whether the force size is right. Should it be larger? Could it be smaller?



## U.S. Force Structure

Forces	FY 1990	FY 1993	Bottom-Up Review
<b>Army</b>			
Active Divisions	<b>18</b>	<b>14</b>	<b>10</b>
National Guard Division Equivalents	<b>10</b>	<b>6 (+2 Cadre)</b>	<b>5+</b>
<b>Navy</b>			
Aircraft Carriers	<b>15 + 1</b>	<b>13 + 0</b>	<b>11 + 1</b>
Active/Reserve Airwings	<b>13 / 2</b>	<b>11 / 2</b>	<b>10 / 1</b>
Ships	<b>546</b>	<b>443</b>	<b>346</b>
<b>Air Force</b>			
Active Fighter Wings	<b>24</b>	<b>16</b>	<b>13</b>
Reserve Fighter Wings	<b>12</b>	<b>12</b>	<b>7</b>
<b>Marine Corps</b>			
Active Endstrength	<b>197,000</b>	<b>182,000</b>	<b>174,000</b>
Reserve Endstrength	<b>44,000</b>	<b>42,000</b>	<b>42,000</b>

I am confident that the force and capability objectives we are building toward are about right. Once we reach the force and capability objectives, and field the enhancements that came out of the Bottom Up Review, we will be able to fight and win two nearly simultaneous regional conflicts at an acceptable risk.

On the other hand, I am convinced that a smaller, less capable force would most probably suffer unacceptable casualties, our forward deployed forces would be extremely vulnerable, the allies we are committed to protect could experience far greater damage, and a great deal more time and mobilization would be required to build to the force levels needed to win.

These are "risks" that I believe we must avoid. The force recommendations that emerged from the Bottom Up Review, with its programmed enhancements, decreases these "risks" and I would not recommend anything smaller.

With the previous, larger Base Force, the Joint Chiefs, the CINCs, and I were convinced we could support a reasonable number of Operations Other Than War, such as peacekeeping and sanctions enforcement operations, and still have enough additional forces to fight and win two MRCs. But the smaller force that emerged from the Bottom Up Review eliminated this latitude. Under ordinary conditions, there will be enough forces to perform Operations Other Than War. But in the event we become involved in a major conflict, we will have to withdraw our forces committed to Operations Other Than War in order to restore our posture to respond to a second major conflict. That is about as lean as I believe we can afford to be.

This past year we also completed the Nuclear Posture Review, that thoroughly examined our strategic and non-strategic forces, and the capabilities needed to support the maintenance of an effective and credible nuclear deterrent. It reaffirmed the importance of a strategic Triad, the need to keep some non-strategic nuclear forces deployed overseas to protect our allies, and it outlined an affordable and sustainable strategic nuclear force structure which will be in compliance with the expected future implementation of START II. It also identified cost-saving changes in our non-strategic nuclear force posture, necessary improvements to our C4I infrastructure, and a series of measures to promote the safety, security, and reliability of our nuclear stockpile.



## Post START II Force Structure 2003

- SSBNs**
  - 14 SSBNs (retire 4)**
  - All with D-5 missiles**
  - Retain 2 bases (Kings Bay and Bangor)**
- Bombers**
  - 66 B-52s (28 fewer)**
  - Non-nuclear role for B-1**
  - No more than 20 B-2s required for nuclear mission**
- ICBMs**
  - Maintain three wings of Minuteman III ICBMs (500/450 missiles)**

While our nuclear forces are substantially smaller than they used to be, no other part of our forces is as vital. We must continue to make the investments needed to maintain these forces at the right levels and with the right capabilities to deter the worst threats to our nation. There are still tens of thousands of nuclear weapons in the hands of other nations today. Over the long term, both our survival, and our ability to contend with conventional threats to our interests depend on a strong and well-maintained nuclear force.

The key watchword of our force plans is balance. All of the key elements of our forces -- people, readiness, modernization, force structure, sustainment, and our infrastructure and industrial base -- must be maintained at the right scale to support the whole force. The sum will be no stronger than its weakest part. For example, readiness without adequate sustainment sentences any operation to a very short half-life. As we continue toward the future, we must maintain

balance among the critical elements of our forces. But we also have to balance today's readiness needs against tomorrow's, and modernization is the linchpin of this future readiness.

## PEOPLE

Of all the elements of our force, none is more important than our people. It is never the best tank that wins wars, it is the best tankers.

Today, we have extraordinary people in our ranks. It was their ingenuity that overcame the obstacles that were defeating the relief agencies in Rwanda; their discipline and intellect that have made the Haiti operation far more successful than many anticipated; and their courage and fighting prowess that caused Saddam's divisions to turn back north to return to their garrisons.

But we can't afford to be sanguine. In the past few years we have put great strains on our people. The pressures and separations of so many operations have been hard on them and hard on their families. At the same time, we were "down-sizing," through a combination of voluntary and involuntary separations that proceeded by the thousands nearly every month since we started. Since 1991, we have reduced by some 625,000 uniformed military and nearly 177,000 civilians.

Fortunately, the Congress has broken the cruel pattern of past drawdowns by offering our people better separation benefits than in the past. Between separation allowances and early retirement packages, this time around we have been able to at least soften the blow to the men and women who served this nation so very well for so many years and then suddenly had to be told that their service was no longer needed.

What we need to do now is focus our attention on keeping the million and a half men and women who remain with us today, and attracting people of the same quality for our force of the future. This is our highest priority.

The President's recent decision to request \$25 billion more over the next six years will help fix some of the problems that I believe are most troublesome. It will fund pay raises that slow the growth of the pay gap. But it will not bring military pay to levels of "comparability" with the civilian sector. The increase also begins correcting another key concern: our obligation to ensure our people live in safe and affordable housing. For those forced to live off-base, this means fixing another pay problem: the Basic Allowance for Quarters. Our policy is to reimburse our people 85% of the costs of their off-base housing; today, we fail to reimburse even 80% of those costs. I fully support the legislation that will allow us to begin reducing this gap, starting with a 1% reduction this year. For those living on-base, we are taking steps to reduce the large backlog of deferred housing and barracks maintenance. Part of the \$25 billion increase will go toward renovating some 5,000 barracks spaces most in need out of the over 600,000 barracks spaces we own.

Today, we are dipping into the pockets of our men and women, and their families, by making those who are forced to live off-base absorb more of the costs than they should, and by failing to ensure that some of our military bases and facilities are maintained at proper standards. As we anticipate future spending increases, we must continue to put additional funds into the programs that benefit our people; adequate and fair compensation, steady and dependable medical benefits, a stable retirement system, and safe and affordable housing. If we continue the long decline that we started in these areas over a decade ago, we will find it more and more difficult to attract and retain the remarkable people we have in our force today.

**READINESS**

In the last quarter of 1994, in order to find funds to support our forces deployed to contingencies, the Army leadership took operations and maintenance funds from three later-deploying divisions. This forced the commanders of these three divisions to make hard choices. They canceled some major training events and imposed constraints on repair parts. As a result, these three Army divisions reported that their readiness had degraded to the point that they would need additional time to train to acceptable standards before they could be deployed.

Aside from the fact that this was an undesirable way to learn this point, among other things this incident proves that our readiness "checks and balances" are working. First, as I promised you in last year's testimony, our commanders will honestly apprise you when readiness problems develop. That is exactly what happened in this case, and I was gratified to see that the Administration and Congress responded with speed, concern, and the necessary resources to address the problem.

Secondly, last year, I pointed out the pitfalls of diverting from service operations accounts to pay for contingencies. I also promised you that we would do our best to predict readiness issues before they become a problem. Months before these division commanders submitted their reports, we did warn that unless the Army's operations account was supplemented in a timely manner, before the fourth quarter, there would be readiness problems. Again, our systems for tracking and reporting readiness worked properly.

If we divert funding from Service readiness accounts, as we have had to do for FY94 and FY95 to support unplanned contingencies, the price is paid in canceled training events, needed repair parts not purchased, and ultimately, degraded wartime skills. Even if the money is later replaced, many times the

opportunity to go back and reschedule canceled training events is lost. And, it may take longer to rectify the readiness problem than it did to create it in the first place.

To help resolve this problem, Secretary Perry has asked Congress to establish a readiness preservation authority. It will help prevent a recurrence. On top of other systemic fixes, it will provide the Department with standing authority to mitigate the impacts on readiness from funding contingencies that arise late in the year.

But this is not all we have to do. The Joint Chiefs, the CINCs and I are watching readiness more closely and in more ways than any time I can remember. We are also building new safeguards. One of these safeguards is a Joint Readiness Review that meets monthly to examine the state of our forces. In addition, and following up on last year's testimony, I stated that we intended to create a new system to assess joint readiness. The Services' readiness systems, as you know, track unit readiness. What we have always lacked is a clear picture of how ready our forces are to engage in joint operations.

Over the past year, we designed such a system and it is now in being. We assess and report both the readiness of our forces to conduct joint operations, and the readiness of selected critical systems and capabilities. This system is still at an early stage and considerable refinement is needed. But it is already affording us greater visibility and a more complete picture of the state of our forces.



## HOW WE LOOK AT READINESS

### CJCS READY TO FIGHT

#### SERVICES UNIT READINESS

- PEOPLE
- EQUIPMENT
- TRAINING

*"TRADITIONAL READINESS"*

#### CINCS JOINT READINESS

- ABILITY TO INTEGRATE AND SYNCHRONIZE FORCES
- TO EXECUTE ASSIGNED MISSIONS

*"THE JOINT PERSPECTIVE"*

### SENIOR READINESS OVERSIGHT COUNCIL

Another readiness trend we are trying to correct is the problem caused by today's high operations tempo and the corresponding effect on personnel tempo. Selected units and capabilities, particularly in some of the support forces, have been overextended -- we recognize that and are working to correct it.

In some cases the solution is to add more of the capability or type units that are in high demand. But it takes time to build and train, for example, more AWACS crews. As well, when we add more of something, we have to take something else out. We have to be sure that what we are adding to make us more capable of managing our peacetime and Operations Other Than War commitments doesn't come at the expense of a capability we need in war. Other approaches to address this problem include making more effective use of our Reserve Component in augmenting units committed to these Operations Other Than War, spreading the burden of these commitments and operations among nearly all of our commands worldwide, simply adjusting our exercise requirements, or combinations of all three approaches.

However, the key point is this. In the final analysis, continued readiness to fight depends on adequate, stable funding of readiness accounts; commitment to a well educated, highly trained, quality force; investments in force enhancements; and rapid restoration of funds and resources expended for unplanned contingency operations. If we stay on this path, our near-term readiness will not suffer.

### **MODERNIZATION AND ENHANCEMENTS**

A problem I am equally concerned about is protecting our long-term readiness. In the past eight years, continuing budget reductions have caused us to cancel, stretch out, or revert to prototype many modernization programs. The end of the Cold War justified many of these actions, because it left us with a rich inventory of modern systems and equipment large enough to see us through the end of the century. But the end of the century is now approaching, when we will no longer be able to rely on what we built in the early eighties.

Recently, we've begun practicing what our corporations call recapitalization: part of which is the process of terminating or diverting funding away from programs that are either less promising or less valuable so that we can re-invest the funds into programs that have more punch. This has driven us to thoroughly reconsider old R&D efforts and modernization programs to see if they still offer the value we once thought was there. On the whole, it is a good practice and we will continue to pursue it. But, recapitalization must be fed with new funding as well.



## CRITICAL FORCE ENHANCEMENTS

- Additional Army prepositioned equipment
- Additional airlift/sealift
- Improved anti-armor and precision-guided munitions
- More early-arriving Navy air
- Improve Army National Guard combat brigade readiness
- Improve Army Guard and reserve support force readiness
- Improved Command, Control, Communications and Intelligence assets

When the Bottom Up Review was done, we reformulated the entire basis of our modernization plans to fit the future. The core philosophy that guided this effort was to balance our future strategic requirements against a still shrinking force. The counterweight was the combination of planned service modernization programs and selected force enhancements, the sum of which would make our forces faster to deploy and more effective and lethal when they go to battle. The idea is to "grow our force down" without allowing the force to become too weak.

But as we do this, we must carefully watch two trends. The first trend is one of pushing modernization programs down the road year after year through a process of new delays, stretchouts, and schedule changes. This could cause an unsupportable swelling of the modernization funding needed early in the next century. Second, some of the systems in our inventory are approaching their expected lifespan. Our modernization plans are structured to upgrade or replace old systems before they become obsolete or worn out. These plans must be

supported. We must bring replacement systems on line before the systems they are designed to replace or upgrade reach the point where problems begin to occur.

I can think of no programs more vital than those that are designed to enhance the strategic deployment of our forces. To fit our new strategy, we planned for a combination of pre-positioned equipment in strategically vital locations, additions to our Ready Reserve Fleet, and the procurement and fielding of the C-17, or a mix of Non-Developmental Airlift Aircraft, that would expand our airlift and replace our aged C-141 fleet. In making these decisions, we drew on the lessons we learned from the Gulf War that showed how seriously deficient we were in our ability to move our forces quickly to that conflict. When that conflict ended, the strain that had been put on our C-141's forced us to ground significant parts of that fleet for major structural repairs. It took well over a year before those repairs were completed. Some of our sealift broke down enroute also, causing some units and capabilities to arrive late. The awareness that these problems caused at the time has dissipated somewhat and needs to be rejuvenated.

In order to respond to a major regional contingency, most of our Armed Forces will be deployed from the United States. Units will rely on airlift, such as the C-17, C-5 and C-141 to deploy their personnel and limited amounts of equipment, while the major portion of their combat equipment will move by fast sealift ships and large, medium-speed, roll-on/roll-off ships. However, sealift alone cannot meet the required response times for Southwest Asia. To do so requires us to deploy our initial forces by air to link-up with equipment pre-positioned in theater. Already we have one pre-positioned site with an armored brigade set of Army equipment in Kuwait. Plans are proceeding to position a second brigade set in the region. I urge you to support this requirement.

Some of the enhancements that I mentioned earlier include those that are needed to keep our forces ahead of the third revolution that I described; the revolution on the battlefield. There are three broad parts of this revolution that we must push ahead on.

The first two of these three, sensor systems and command, control, communications, computer, and intelligence systems (C4I), with their supporting space systems, are intertwined. Sensor and C4I systems enable us to detect and evaluate threats to our security and to then maintain effective command and control over our forces through every phase of our operations. Our stunning victory in the Gulf War showed the extraordinary effects these systems can have on the battlefield. They enabled our commanders to see the full depth of the battle area, to "sense" what the enemy was doing long before contact was established, and to prepare their forces accordingly. No one should doubt the value these systems gave our forces.

MILSTAR is one of the key programs in our evolving C4I architecture. Although we have access to commercial systems, MILSTAR provides secure, survivable, and protected support, from the tactical through the strategic level. It is a crucial part of our Global Command and Control System that ties together our deployed forces in our overseas theaters, those outside the theater that provide their support, and the National Command Authorities.

The third area of this revolution we are emphasizing is the fielding of more long-range, advanced, precision strike air, ground, and sea delivered munitions. Just as our sensors and C4I afford our commanders the ability to see to much greater depth, these systems complement this advantage by allowing our forces to strike at greater depths and with greater accuracy and lethality.

Finally, we also need to stay on track with the development and fielding of a Theater Missile Defense system. The Gulf War underscored our vulnerability

to proliferating missiles, even in the hands of less developed nations. All of us remember the searing image of our forces scouring the remnants of a destroyed building, looking for American survivors after a SCUD missile made it through our Patriot defenses. We must prevent this, or worse, from happening again.

## CONCLUSION

Some twenty years ago, in the aftermath of the Vietnam War, our military was at its lowest state since before the Second World War. Readiness was languishing, morale was low, recruiting and retention goals were habitually missed, and disciplinary problems were evident all around. From this poor state, with the support of Congress and the American people, we built the finest Armed Forces in the world.

Protecting that excellence depends on our firm commitment to our people, on adequate and stable funding of readiness accounts, investments in force enhancements and modernization, and balance in how we fund operations, infrastructure, depot maintenance, modernization, and force structure.

Our challenge now is to balance readiness today with tomorrow's modernization. To accept the force decreases that have been enacted over the past five years, but fail to purchase the enhancements and modernized systems upon which the reduction decisions were based, would invite great risks early in the next century.

I am confident that our goal to maintain this balance is the right way to proceed. We must provide the resources to achieve this goal.

Let me close by again emphasizing how very proud I am to represent the truly magnificent men and women of our Armed Forces. Looking back on this past year, I have never been prouder.

**The CHAIRMAN.** Thank you both. I think I will just delay my questions and skip on down to our ranking member, Mr. Dellums from California.

**Mr. DELLUMS.** Thank you very much, Mr. Chairman. Mr. Secretary, let me begin with a broad question. Last year, as you recall, you agreed with me when I asserted that I believe that the Bottom-Up Review should not be perceived as a static document; that, in fact, it should be dynamic, and that it should be an evolving living document that is changed based upon our continued reassessment of the challenges, strategic concerns, assessment of the realities of the post-cold-war world.

And I think that your response to me was you agreed and that we were, indeed, looking at the world through a glass darkly, and at the initial stages of the post-cold-war, and that as we began to see the world more clearly, that the Bottom-Up Review document should change.

In that regard, would you please indicate for us your views as to how the world has changed in the past year, in what ways has our security situation improved, and, conversely, in what ways has it diminished?

And in this context, it would be useful to know your views and assessments regarding the effectiveness of our response to events on the Korean Peninsula, in the Persian Gulf, and in Haiti and how they affect your analysis of the continuing vitality of the Bottom-Up Review analysis itself.

**Secretary PERRY.** Thank you. Thank you very much, Mr. Dellums. I would comment, first of all, on the changes in the Bottom-Up Review. It is a living document. We have made numerous changes to it. We, for example, conducted a very detailed Nuclear Posture Review, which I mentioned briefly in my opening statement. That was called for in the Bottom-Up Review, has been done, and so it could not be considered an appendix or an amendment to the Bottom-Up Review.

We also completed a study of industrial base, what things we needed to do to maintain an industrial base. We had a very major uncertainty about how we were going to achieve airlift, because the development of the C-17 was in doubt at the time we did the Bottom-Up Review. That program is in much better shape today and so we have a clearer view as to where the airlift is going.

We have in modern weapons enhancement position-guided munitions. We have one program canceled because of programmatic problems and several other programs in its place. So there have been numerous changes, evolutions, you might say.

In terms of the changes in the world, I do not see discontinuities in our view of the world now and a year and a half ago when we did the Bottom-Up Review. There have been evolutionary changes, some of them significant. The concern we had, then, for the potential security threats posed by extremists in the Middle East and in the northern African countries has, I think, simply gotten worse in that period of time. It was understood to be a problem then; but the problem, I think, is more worrisome today even than it was at that time.

We were concerned at that time about the possibility of an instability in the governments of the republics of the former Soviet

Union. We have seen many evidences of those instabilities in the last year, and, in particular, with essentially the civil war that is going on in Chechnya today is a dramatic example of that instability. Nevertheless, the governments that have democratic governments have stayed in power in those countries and that has been a positive development.

We have always been concerned about both the conventional threat from North Korea and the possibility of a development of a significant nuclear capability. The significant development during the last year was the framework agreement by which the North Koreans agreed to give up their nuclear program. That was a very significant development for the better.

We have yet to implement that agreement, though, and we see a difficult road ahead of us in that implementation. If we can implement that agreement that will be a very positive step forward in the reduction of the threat.

Finally, I would comment that we highlighted in the Bottom-Up Review our concern with proliferation of weapons of mass destruction. And I think most of the news in that area in the last year and a half, most of the developments have been bad developments. The danger of proliferation of nuclear weapons, chemical weapons, biological weapons has, if anything, intensified in the last year and a half. It is going to be a very difficult struggle to keep that threat contained.

Those summarize the most important points I would make. Maybe General Shalikashvili would like to add to that.

General SHALIKASHVILI. Congressman Dellums, as I tried to point out in my opening remarks, I think this last year more than anything else validated the assumptions about the state of the world that had been made in the Bottom-Up Review.

The issue that the world is unstable enough and there are regional tensions such that for a nation like ours, you cannot accept anything less than the capability to engage in two widely separated regions of the world. And I think this last year has pointed that out.

As far as the two main near-term concerns that we had, which was Korea and Iraq, on Korea, of course, we were absolutely correct to welcome the nuclear agreement. But I will echo something Secretary Perry just said, the conventional threat on the Korean peninsula is undiminished. The nuclear agreement will take a long time to implement, and throughout that long period we need to stay watchful and ready, as the Bottom-Up Review had assumed.

And in Iraq, while the threat, the capability of Iraqi forces might be slowly diminishing over time as the embargo makes it difficult for them to replace or revitalize their military capabilities, we need to be watchful that in the years to come there might be changes in the embargo status. And that would give the Iraqis the capability to begin to improve their forces and we watch that very carefully.

And, finally, we need to watch the developments in Iran, because I think that, to us, remains the long-term issue that could very well replace one of the two trouble spots that we now consider to be the near-term threat, North Korea and Iraq.

Mr. DELLUMS. With respect to my second question, I would like to go to the issue of assumptions in the Bottom-Up Review, and I would ask the sergeant to go back to the second or third chart. I believe it was your planning document dealing with the two major regional contingencies. It was very early in the presentation. No, not that chart.

Secretary PERRY. Basic operational concepts for MRC's.

Mr. DELLUMS. Yes.

Secretary PERRY. It is the third chart.

Mr. DELLUMS. The third chart.

Secretary PERRY. Yes, is that the one?

Mr. DELLUMS. That is the one.

Mr. Secretary, as you recall, one of the assumptions of the Bottom-Up Review dealing with the fighting in two near simultaneous major regional contingencies, you used that as a rationale for your force structure and it was based on a go-it-alone principle; and that on more than one occasion some of us raised the question of why you were planning for two major regional contingencies on a virtual go-it-alone strategy which required one force structure. But I noticed in your concept planning document on your bullet 3 you referred to allied help and coalition cooperation.

So on the one hand, the original assumption of the Bottom-Up Review was a force structure contemplating going it alone, yet this planning document contemplates allied help and coalition cooperation, which I think does reflect the reality of the world, because I see the world moving in a more multinational fashion as opposed to unilateral.

Does that have any impact upon your concept of the force structure? What implications does that have? And, finally, can you speak to the divergency of a go-it-alone strategy on the one hand, yet your concept document contemplating coalition support and help? Is my question clear?

Secretary PERRY. Yes, it is. I think perhaps our briefings on the Bottom-Up Review might not have been clear, because we definitely assumed cooperation with allies in the implementation of that Bottom-Up Review. That was most dramatic in the case of the Korean contingency, where we assumed in our war planning—we have—I will not give you the exact number, but many hundreds of thousands of troops deployed in a presumed war plan in Korea. But we have 600,000 troops in South Korea plus the Reserve force which they mobilize. So the South Korean forces are an integral part of that plan, a major part of the ground forces of that plan.

We also make assumptions about—many of our forces are based in Japan. We did not assume in that analysis any Japanese military forces as a part of that, but we did assume very large numbers of South Korean forces, including their mobilization of their Reserve forces.

So in the Mideast contingency we did not make explicit assumptions about so many hundreds of thousands of allied forces joining us on that. I think it is a reasonable assumption that were we to go into a Mideast contingency, we would have allied support. There, we simply assumed the forces of the neighboring countries. We did not, in our planning for that, assume that European countries added forces to the list, although in an actual combat, and I

think this is your point, we might fully expect to have them as allies in that operation. General, would you like to add anything to that?

General SHALIKASHVILI. No, you are absolutely correct. From the military point of view, I think we have to base our planning on forces that will be reasonably available. Anything short of that, would be imprudent.

So in Korea it is virtually impossible to imagine a conflict in which the South Korean forces are not fully engaged. So that is a proper assumption. Southwest Asia, there are also some nations that have forces and that you can make a very solid assumption that they will be with you in any conflict you fight there. Others, and particularly as the Secretary just indicated, that might come from Europe are not sure enough for us to plan their participation, although we will make every attempt, as we did in the previous conflict there, to gain them. But it would not be militarily prudent to count on them, sort of an agreement or commitment for those forces prior to the start of hostilities.

So wherever we can, with a degree of certainty assume allied participation, we have done so.

Mr. DELLUMS. I would like to just ask one additional question, but let me simply comment that I am not alone in that analysis, Mr. Secretary. There were a number of articles written in newspapers and periodicals in evaluating our force structure strategy in the context of the Bottom-Up Review, and that many of them looked at the planning documents as one that did not contemplate allied forces and that is why I wanted your comment on that.

Let me go to my third question dealing with the issue of modernization slash recapitalization.

Everybody got the word?

Mr. Secretary, I am concerned that we profit from the mistakes of the past with respect to recapitalization and modernization; that we not repeat the acquisition horrors that we are all aware of that took place in the context of the 1980's, and I think upon that we can all agree.

I think you touched upon my question in the course of your opening remarks, but I would like to ask you in a more pointed fashion, because I am not sure that this budget does that.

At first glance, it appears to perpetuate that boom and bust cycle that has characterized and bedeviled acquisition in the past. Remember? What one can describe as modest acquisition in the 1970's, then ratcheted up profoundly, in a very profound and dramatic fashion in the 1980's, and some argued that our acquisition rate ratcheted up faster than our bureaucratic capacity to oversee in an efficient fashion these programs, and it left us with a number of horror stories that we all know too well.

Today, your material indicates procurement will bottom out this year some 71 percent below the high water mark of fiscal 1985 in inflation adjusted terms, and that you plan to increase this year's figure by almost 50 percent when adjusted for inflation by fiscal 2001. And most of this growth, as I understand it, occurs between 2000 and 2001, with an even larger growth called for after fiscal 2001.

I have three questions in that regard that I would like to ask. Are we programming another boom and bust cycle and condemning ourselves to the mistakes of the past, which is modest acquisition and then dramatic increase?

Second, what options are available for mitigating the problems associated with these procurement cycles? For example, can we recapitalize using a more modest rate of increase or better sequence planned procurements?

And, finally, when and at what level will the procurement level off? Do you get the thrust of my questions?

Secretary PERRY. Yes, I do.

Mr. DELLUMS. In the past, we have had the boom-bust cycle and when you look at this standing back, one could question whether or not we are moving into that same era and I would like you to comment with respect to that.

Secretary PERRY. On the last question, which is the easiest to answer, I think it will be around the year 2002 based on our present planning.

The chart that I had did not depict that. It showed the buildup, but did not show what the new plateau would have been. I would estimate that to be 2002 or 2003.

On the boom or bust, I do think what we are projecting here—compared to the very rapid ramp up that was done in the 1980's, I think we are talking about, relatively speaking, a much more evolutionary increase, and I think that curve that I had on there indicated a more gradual growth in that.

But the third point, I think, is a very important point, and that is that we will be doing this acquisition under the new acquisition reform bill that was passed by the Congress last year. And that allows us to make a much greater use of commercial industry, commercial products, and that means that we can perform our acquisitions with fewer people in our acquisition system because we do not have to go through so much of the boilerplate to get acquisitions done. It also will be much less subject to abuse.

Some of the particular abuses that made the headlines during the 1980's were a particular result of buying items which would have been appropriate to buy commercially through very complex mil spec procedures. And at that time that was done, the procurement people did not have a good alternative. Now, under the new Acquisition Reform Act, we should be much less subject to abuse in the future than in the past.

Part of this—we also have in this budget a request for something called the Technology Reinvestment Program. And that is a crucial program because it moves our defense technology in the direction of commercial technology; allows us to make better use of the authority we have in the Acquisition Reform Act.

Mr. DELLUMS. Mr. Chairman, I would like to thank you for your generosity and perhaps time permitting on a second round I may have a few additional questions. Mr. Secretary, General Shalikashvili, I thank you very much for your response to my questions.

The CHAIRMAN. Thank you very much. We have a journal vote on and I guess we better break and have a vote. I have considered going on during the vote, but it would not be fair to the people who

are not here to hear the responses to the questions, so I think we should break and come back shortly.

[Recess.]

The CHAIRMAN. The meeting will be reconvened and Mr. Stump, the gentleman from Arizona.

Mr. STUMP. Thank you, Mr. Chairman.

Mr. Secretary, let me first thank you and the general for appearing before us today and giving us your time. I don't really have a question, but I would like to make a comment, if I could, and that is on what you call our strategy for a force structure that will be capable of fighting and winning two near simultaneous major regional conflicts.

With all due respect, Mr. Secretary, I have reason to believe that we cannot continue to do that under this budget if it keeps on declining as it has been. There are many of us on this committee who remember back at the outbreak of World War II, some through experience and perhaps some through history, but our inability to carry out a two-front war cost us many needless losses of lives and ships, many prisoners, territory, simply because we could not maintain a two-front war. We were going it alone. In fact, we practically carried our allies in that structure.

But I think there are many on this committee that are seriously concerned about the declining defense budget both in manpower and force structure.

I personally do not believe that the Soviet Union has suddenly been rendered impotent. I think the threat is still there and the threat of China and Korea will grow stronger and stronger all the time. I guess what I am saying is I think there are many of us on this committee, Mr. Secretary, that will do, at every opportunity we have, what we can to increase this defense budget to the maximum extent possible. And I thank you, once again, for your time, sir. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The gentleman from Mississippi, Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman. Mr. Secretary, one of your charts, chart 3, you said all elements of the total force, which—and you included in that the National Guard Reserve, which is the total force. Twenty-five percent of the total force is the National Guard and Reserve. It might be a little higher than that. It is a good buy for the taxpayers in that probably we get less than 10 percent of the moneys for the 1995, 1996 budget that will go to the Reserve forces and they have well over 20 percent of the combat missions.

Mr. Secretary, you have done a good job on missions and equipment for the Reserves. On missions—I want to point this out. You are using the Guard and Reserve. And as we talk today, Air Reserve, Air Guard are flying all over the world using this equipment. And a National Guard battalion and a Reserve part of that battalion will go to the Sinai Desert to take the place—I see General Shalikashvili nodding his head—will take the place of an active battalion over there separating Egypt from Israel. And this is a 6-month duty they will go on.

My point is you can call up these Reservists and you can get them longer than 2 weeks or a month. Naval Reservists are inte-

grating their crews on the ships. You are putting them with regulars and that is good and that is the way to use it. You should keep doing that. That is my point.

I have two questions. One is for John Hamre. I will not let him come in here and not be brought up to snuff here. My first question is to you, Mr. Secretary.

One of the problems we are worried about in the Reserves is the full-time manning of AGR's and technicians. There is some talk that you are going to cut back or reduce those numbers. These are the fellas that run the armories, that plan the lesson plans. They are full time. There are not a lot of them, but I really think you have to—if the Guard and Reserve is going to be ready, and you keep talking about them being ready, they will have to have AGR's and technicians to do the job.

Are you prepared to tell us what is going to happen there or would you look into that?

Secretary PERRY. Mr. Montgomery, first of all I reaffirm your statement. When I talked about the total force and used it in the chart, I did refer to Active Duty, Guard, and Reserves. That is what we mean by total force. No contingency operation can be conducted today without an extensive use of the Guard and Reserves. They are all an integral part of all of our war plans.

In addition to that, more and more of our—we are using them more and more and extensively in our regular peacetime operations. This is a good deal for the Active Duty Forces because it relieves them, in some cases relieves them of heavy operational tempo, and, at the same time, it is the best possible training for the Reserve Forces.

On your particular question, there was a proposal made to reduce these technicians that are in the Guards as part of an overall reduction in civilian personnel, which I had called for. As I indicated in my briefing before, I have been putting a lot of pressure to get the civilian personnel down to the same level as the military personnel, and one response to that was—we put that net out to catch those people. One of the things we caught in that net were those technicians in the Guard.

When I heard about this problem I asked that that question be reconsidered because I was concerned about what that might do to the readiness of the Guard units and that is now—

Mr. HAMRE. Yes, sir, the overall cut is 4 percent for civilians during the year, but for technicians it is only going to be a little over 1 percent. So that has been scaled back dramatically at the Secretary's direction.

Mr. MONTGOMERY. That is very important. It is more important than equipment really is to train these young men and women how to do the job.

Secretary PERRY. Yes.

Mr. MONTGOMERY. My question to you, comptroller, there is \$800 million that has not been put out for bidding. \$500 million is for aircraft for the National Guard and Reserve; and \$300 million is for miscellaneous. That was in the 1995 budget.

Now, what is going to happen—I would certainly like to see the miscellaneous get out to the reservists and also the aircraft.

Mr. HAMRE. Mr. Montgomery, no one has done more on behalf of the Guard and Reserve components than you have and I know of your longstanding interest in helping to modernize those forces. Congress did appropriate, authorize and appropriate \$800 million last year in fiscal year 1995. We have not yet released that.

And it is not that we are unmindful or do not recognize the importance of that. We are confronted right now with about 3 billion dollars' worth of bills where I have no funds to liquidate them right now; \$2.6 billion of that is associated with the ongoing contingencies and we are hopeful that the supplemental will take care of that. And about another \$700 million is associated with some legally required bills that we have to pay where we were not appropriated funds for it, but we were directed by Congress to do it last year.

Frankly, I am holding back on this not knowing the scope of offsetting rescissions that are going to be required. At some point in time, those would be probably of lower priority. We would have to suggest it might be candidates if we have to offset completely all of these bills. That is one of the reasons why we did not seek—we sought an emergency declaration and not have fully offsetting rescissions. But if we have to offset everything, I will have to suggest to the Secretary that we at least bring part of that to the table.

Mr. MONTGOMERY. In other words, and I don't want you to do it, but I know my time is up, but certainly this is very important, the \$800 million. What you are telling me is maybe on rescissions we might not even get the money?

Mr. HAMRE. Sir, if we have to offset and have rescissions to offset the supplemental, the \$2.6 billion, as well as the \$700 million for these legally required bills, it is going to be on the list of things I will have to bring forward to the Secretary as potential candidates for that. I cannot predict that that will become the outcome. Of course, that is the Secretary's decision in consultation with the chairman.

Mr. MONTGOMERY. Well, we are concerned about it and my time is up. Thank you.

The CHAIRMAN. The gentleman from California, Mr. Hunter, is recognized.

Mr. HUNTER. Thank you, Mr. Chairman. And Mr. Secretary and general, as always, you are very impressive in your professionalism and your thoroughness in presenting, making your presentations before this committee, and we thank you and welcome you for being with us once again.

Let me just follow the strong theme that our chairman opened with. Mr. Secretary, when you went through your chart display, I think you left out one chart and that is—and I have tried to make a chart up so you can fill in. These are the weapon systems that you have reduced or canceled in order to achieve a near-term readiness that you spoke about in such glowing terms when you made your presentation.

The point is that these systems were canceled not from the Bush-Cheney budget, not from what some Republicans would like to see, but rather they were canceled from your projection last year of what we needed in procurement.

Your projection last year was that we spend \$48 billion this year in procurement. You have cut that by \$9 billion off your own projection of what we needed to flesh out or to fill what was required in the Bottom-Up Review.

So I guess my first question—I have four questions—in light of the fact that you have cut your own budget by \$9 billion this year, below what you thought we needed to have an effective force, can you still say that you are filling the recommendations of the Bottom-Up Review?

Second, one of the programs that you have essentially canceled out or defunded is the Navy upper tier, which was described in the Bottom-Up Review as being a core theater missile defense system. I have had the briefings on it; a number of Members have. It is considered to be a very promising technology and yet we have essentially zeroed that leaving a few dollars in it, presumably to pay off contractors.

And when your own testimony is to the effect that we do need to move forward with a robust theater missile defense system, my question would be why are you defunding that program?

And second, is it true that we are representing—that our arms control teams are representing to their Russian counterparts that we do not intend to deploy an upper tier naval system?

My third question, Mr. Secretary, goes to ammunition. Ammunition obviously is a very important part of readiness. The Army, in its ammunition report, as I read it, says that if you follow the blueprint that you have laid out, the FYDP blueprint for ammunition acquisition, the Army will have roughly 50 percent of what it needs and that we are going to lose about 80 percent of our—ammunition-producing—industrial base. What are your ideas on making up that other 50 percent; because certainly that is an important part of readiness?

Last, it is obvious from this chart, that I will give you so you can flesh out your presentation, you are cancelling the Tri-service standoff attack missile [TSAM], this precision standoff system. And one of your points has been in this reduction-of-force structure that you think we can use a smaller force structure because it is going to be armed with technologically superior systems, and yet you are canceling TSAM, which we all know has problems, but what bothers me is you are canceling that in this same reduction where you provided for modernization for near-term readiness.

You have also defunded this 97 or so conventional cruise missiles that you had planned in the 1995—in 1995 to produce or procure in 1996. So you are canceling the CALCM's, the conventional air launch cruise missiles, and that would seem to me to be a fill-in for the TSAM, at least in the time being, and you also fund no HAVE NAP missiles in this budget.

So where you talk, I think effectively, about the need for standoff precision weapons, you have canceled these other weapons that could supplement the TSAM or its replacement. So if you could answer those questions and particularly talk a little bit about how we are going to at some point make this turnaround from this procurement holiday that you have spoken of. If we have taken a procurement holiday by reducing by 20 percent the procurement this year

that you projected last year, how can we be sure at some point in the next 3 or 4 years you will turn that around?

You say you have plans for modernization, but certainly this budget speaks much more clearly than plans, and shows that in fact you are putting off the modernization, and I am afraid that this modernization will be continued to be pushed into the outyears and we are going to meet those lines on your chart where we have aging systems in which we are procuring 12 to 15 fighter aircraft a year, which I believe is less than Switzerland procured last year.

Thank you, Mr. Secretary.

Secretary PERRY. Thank you, Mr. Hunter. I will comment on your questions and give also Mr. Hamre and General Shalikashvili a chance to add to my statements.

First of all, to say that there has been a decrease in procurement this year from what we were projecting last year, I have a different figure than you have, and we need to get together perhaps after the meeting. My figure is \$5.4 billion. I am not suggesting \$5.4 billion is good news, but it is not as much as \$9 billion. So we need to see what the discrepancies are in our figures.

Second, on the TSAM, that program was a program for which I have the highest confidence. We have a requirement for a program like that. It was canceled not because of a lack of requirement or even for funding issues, but because of performance programs—performance problems in the program.

It was driving, leading to a system whose units cost would have been much higher than we felt was reasonable or acceptable. I have no doubt that that program must be replaced. I discussed just yesterday, as a matter of fact, with our Under Secretary for Acquisition, his plans for getting a replacement program and I expect we have in a relatively short period of time, within a month or two, a decision on a replacement for that. And we will be happy to discuss that with you as we have something more specific to say.

On the theater missile defense system we have, I call that a robust system because there are three systems moving ahead at a brisk pace toward production and deployment: the Navy system, the PAC-III, and the theater air defense system. In addition to that, there is a modest program under way in advanced technology. The upper tier is in that advanced technology.

I will have to get you—but the question you are asking about the upper tier, what is the exact status of that, what is the funding in this program for the upper tier program? I don't have that answer yet, but I will get it for you and supply it in just a day or two. Unless, John, you happen to have that.

Mr. HAMRE. No, sir; I apologize. I will check my file.

Secretary PERRY. General Shalikashvili, do you want to add anything?

General SHALIKASHVILI. No; other than to state that from our point of view the requirement for TSAM is still there.

Mr. HUNTER. The requirement for TSAM.

General SHALIKASHVILI. TSAM, and for the reasons that the Secretary mentioned it has been canceled, but it has not canceled the requirement.

Mr. HUNTER. Let me ask you a question about the ammunition requirement. Did you miss the ammunition question?

Mr. HAMRE. First of all, if I might also add, sir, back on the TSAM, and then I will talk about the ammunition. On TSAM we made the ATM 130 in joint direct attack missile [JDAM], and joint standoff weapon [JSOW], which is still this R&D and extended range or enhanced capability standoff land attack missile [SLAM], and we have included that in our 5-year plan so that we are offsetting things that were incorporated in our program with the termination of TSAM.

On ammunition, we did resource part of the additional funds that we received from the President. We did put into expanding ammunition, but it is still low. We still have excess capacity, but we still have a concern about the industrial base. Our funding is actually higher than our projection last year for this year. It is lower than we had appropriated last year because Congress increased funding for fiscal year 1995 in ammunition.

Your specific argument we will only have 50 percent of our capability, that is the first I have heard that, sir. Let me research it and come back to you. I would be delighted to do that.

The CHAIRMAN. The gentlelady from Colorado, Mrs. Schroeder.

Mrs. SCHROEDER. Thank you very much, Mr. Chairman, and I want to thank the three of you, first of all, for putting in the readiness and quality of life and tackling family housing. Those have all been very difficult issues and especially family housing. We have been talking about that a long time. I wish you well and we all want to look for any creative solution we can find. Thank you for doing that and also thank you for dealing with the technology reinvestment program [TRP].

I think that this technology transfer initiative is a brilliant way that the taxpayer gets a double dividend on the R&D that they did for the military and also helps us keep the industrial base we need and, further, it is now, as it works with the Justice Department, coming up with weapons and things that we might need in peace-keeping missions.

So let me, first of all, thank you for all of that. But now let me start and say we all talked about how this is a dynamic environment and changing, and next week we may have a big change, and that is H.R. 7. If the bill, H.R. 7, passes in the House, and let us assume it passes in the Senate and becomes law, part of what it says is it is talking about letting new countries into NATO. And, you know, letting countries into NATO versus letting them into the United Nations; is that the same or is that different? I know it is different, but I want, you know, you to talk about that.

And if we were to implement that, let us assume that NATO implements what we request, would you have to be back here for new forces or would this budget more than adequately stretch over the new countries that they would like to let into NATO as full-force members?

And the second part of my question is, if we had to then proceed right away on space-based national defense, missile defense, instead of the theater-based, would we have to come back and do some budget reordering or have a supplemental to get us there?

So those are my two questions assuming that this budget—did it anticipate that passing or did it not and if it did not, where will

we be and will it not matter or does it make a difference in what would happen to forces?

Secretary PERRY. Let me, first of all, make a very quick comment on TRP, the Technology Reinvestment Program. I urge the support of this committee for that program. I know that some members of the committee think this is not a good defensive program. I would respectfully suggest that you may be confusing that with some of the technology earmark programs which have been put into the budget.

This is not an earmark program. Every program in the Technology Reinvestment Program is done under full competition, and then furthermore, the winning contractor puts up one-half of the funds for the program. This program is a good deal for the DOD and I urge support of it.

Mrs. SCHROEDER. And for the taxpayer.

Secretary PERRY. It also performs a very important function in helping bring the Defense Department into position where it can make better use of our full industrial base, not just the unique defense industrial base out there, and that is going to be more and more important in the future.

On the question of NATO, I will comment and then ask General Shalikashvili to comment as well. I just, over the weekend, gave a talk in Munich where I laid out my own criteria for expansion of NATO and principal emphasis was on the responsibilities undertaken by NATO and NATO countries when they bring in a new member, as well as the responsibility which the new NATO member will have to undertake.

A new NATO member has to bring things to the party. This is not a fraternity. This is a military alliance, and they have to be able to contribute to that as well as draw from it. Their forces have to be capable of working in conjunction with the rest of the NATO forces. It will take some time for candidate countries to reach that level of capability. The Partnership for Peace Program is a vehicle for doing that.

Second, for a nation to become a member, all 16 NATO members have to vote. Anyone can veto it. The reason that is such a strict requirement is because when a member joins NATO, all the other countries, including the United States, are committing to come to defense of that country if it comes under attack. We are committing our military forces to go there and fight if that country gets into any kind of a military conflict.

General SHALIKASHVILI. I think it is important that the issue is not so much whether NATO will extend, it is the timing issue. That has to do with how much those countries will be willing to build up their capacity to carry their own weight to minimize the cost on us. So there is an aspect having to do with prescribing a date certain that probably will increase the assistance those countries will have to get, financial assistance, to even be able to come in and for all the rest of us having to subsidize what their economies are still unable to carry through. That is why I think, my view was that we ought to let the process develop to set the time as opposed to legislate a time by which we would like to see it done. That is a different issue, though, than saying whether one ought to extend the

alliance or not. I think that is a given that that decision is a wise one.

Secretary PERRY. Mr. Chairman, one other point on the question raised by Mrs. Schroeder relative to NATO. On the conference at which I presented this paper, Mr. Sisisky was present at that conference. You were unable to make that; but I think the paper I presented dealt fundamentally with the issue being raised and I would like to submit that paper to the question so that any committee member who is interested in getting more detail on that background will have that available or you might consult with Mr. Sisisky about it, who was a participant in the conference.

The CHAIRMAN. That would be very helpful. I am sorry I couldn't make that same meeting. I was told you did a great job.

Mrs. SCHROEDER. Could I get an answer on the space based? Do we have numbers if you did immediate deployment of space-based or tried to accelerate that, what that would cost?

General SHALIKASHVILI. Are you referring to the national—

Mrs. SCHROEDER. Yes.

General SHALIKASHVILI. The national missile defense system and what the figures now project.

Secretary PERRY. For the national missile defense system we are requesting in this budget for fiscal year 1996, projected for 1997 about \$400 million, if memory serves, and that does not include the technology that is associated with that. That would just be directed toward development of a system.

There are certainly alternative systems we are still looking at. One would have a 3-year development period, so 1996, 1997, and 1998. The other has a 2-year development period so I am not sure which would be selected.

At the end of that period we would be in a position, then, with readiness for production and deployment if it is determined that should be the next step. Of the range of systems we are looking at, they range from a minimum of about \$5 billion to a maximum of about \$10 billion and in that range the system has different capabilities. None of these systems, though, is capable of defending against a large-scale attack. They are all minimal systems designed only to defend against a light attack of a dozen or so missiles.

That is why the systems are so much less expensive than the ones considered in the SDI Program when they were trying to design a system to defend against thousands of missiles coming into the United States.

The CHAIRMAN. The gentleman from Virginia, Mr. Bateman, is recognized.

Mr. BATEMAN. Thank you, Mr. Chairman. Thank you, Mr. Secretary, and General. Your testimony is very helpful to the committee and you certainly made a very compelling statement of your view of the current posture of our national security efforts.

As the chairman of the Readiness Committee, I certainly look forward to cooperating with you in terms of measuring and fixing whatever short-term ripples there may be in readiness. There seems to be some disparity of view as to the degree of those problems. Almost everyone, though, appears to concede that there has been a measurable ripple effect on readiness in the immediate timeframe as a result of the diversion of funds for unforeseen con-

tingencies. I think we have to address this and look forward to further discussions with you and Mr. Hamre and others on that subject.

Let me turn to areas of concern that are a little bit perhaps beyond the nature of the discussion we have had thus far, but which certainly impact our defense posture. It appears that we are faced with an increasing risk of a broadening and deepening conflict in Bosnia and Herzegovina, a possibility of a resumption of the war between Croatia and Serbia.

The dimensions of this problem are very volatile and potentially much more serious than we have known them to be for the last many months. This is something that presents very delicate questions of what American policy should be. It presents a very deep question in view of the advocacy of many of my colleagues for lifting of the embargo against the Bosnian Muslims and the potential for Americanizing the war if we are going to provide armaments and train people to use them, which would probably be the case under that scenario.

It also has potential for what happens to the NATO alliance in view of the deep-seated disagreement with reference to the arms embargo and whether or not it should be lifted.

You made reference, Mr. Secretary, to the Partnership For Peace as being a part of the vehicle or instrumentalities by which countries would be prepared to become full members of NATO and I have no quarrel with that in the context of certain states, certain nations. But the Partnership for Peace has been so well received that it stretches to countries such as Uzbekistan and Armenia and Kazakhstan, places where I think it is unthinkable that they would become full members of NATO, and I think we have to make in our policy statements to disconnect between the Partnership for Peace road to full membership in NATO, because we shouldn't deceive people in thinking that that is going to bring them there at some point, but it would be irrational to extend NATO that far.

Another area that I will be very interested in pursuing as we deal with ballistic missile defenses, the Antiballistic Missile Treaty, I think, of the 1960's was negotiated and accepted in an era that is remarkably different from the circumstances of today and certainly, in my view, makes no sense to the context of today, certainly makes no sense in the interest of the United States if adherence to it, when it has been violated by the other party through the years, may cost us more in order to develop and deploy a workable antimissile system.

I think certainly the time has more than come for a reevaluation of the core American policy with reference to the ABM Treaty and whether or not it should be renegotiated in light of today's realities and if it cannot be renegotiated, whether or not we shouldn't exercise our prerogative to give notice and abrogate the treaty and get on with the most efficient and cost-effective ballistic missile system that we can develop. I will stop with that and if you have any comments—

Secretary PERRY. Thank you very much for the comment about Partnership For Peace. You made a very important clarification. Let me take the opportunity to reinforce that. For those countries qualified to become NATO members and only those countries, the

Partnership For Peace is a path to NATO membership. Many members of the Partnership For Peace will never qualify for NATO membership, so it is a necessary but not a sufficient condition for NATO membership. Thank you for the opportunity to clarify that point.

The issue in Bosnia and Herzegovina, I think the danger is increasing there. I want to reassert our policy, which is that we are using diplomacy to try to assist arriving at a peace agreement. This cannot force the issue. It cannot control the issue. We are trying to be helpful in that assistance.

Our military forces there being used as part of NATO are being used to reduce the levels of violence while the conflict is going on; not to change the outcome of the war. In my judgment, if we were to have a unilateral lift, the U.N. forces which are on the ground now would leave.

The war, I think, undoubtedly would increase in intensity with many more casualties, and there is a distinct possibility that the war would widen, spread beyond Bosnia. It is that danger which causes me to be opposed.

There is also a possibility that if those dangers in fact developed there would be pressure for the United States to send troops in to fight in that war. I am and I know every official in the Pentagon and in the military that I know is opposed to sending ground forces into Bosnia to fight a war there. We think that would be a big mistake, so we are trying to avoid that possibility.

General Shalikashvili.

General SHALIKASHVILI. On the Partnership For Peace, if I may, I think it has become a remarkably successful program because it satisfies both those who want to use that partnership and that pattern of cooperation that it develops to bring them closer to the day when they can become NATO members, and there are other nations who don't want to become members of NATO, but they recognize that this offers them a meaningful vehicle to get closer to the alliance, therefore reduce any lines that might be drawn between those who are now members or will become future members and therefore prevent what we have had in Europe through all of history, a line between two competing major power blocks. That is why I think it is a useful vehicle.

But clearly there are nations who are now partners and perhaps others who will join with a full understanding that their security needs do not require them to become members of NATO or the proximity prevents them from becoming members.

On Bosnia, this trip to the conference that the Secretary referred to, over the weekend, highlighted once again what an explosive and difficult situation it is in Bosnia and what a divergence of views there is on this issue of lifting the arms embargo and the fear—it often is characterized as a selfish fear for the lives of the soldiers the Europeans have on the ground. That is a big part, but it also is the fear that the main aims we have had, which is to reduce the level of violence, at all costs to keep this from spreading, that those two aims might be fundamentally undermined by something like that.

The CHAIRMAN. I thank the gentleman for his question. I think it is important to point out that this war could widen in Bosnia if

we unilaterally lift the arms embargo. To show you that I am not opposed to all administration policies, I am in complete agreement with you on that one.

I am going to yield to Mr. Skelton, the gentleman from Missouri, who has an alternative budget and is anxious to ask you about it.

Mr. SKELTON. Thank you, Mr. Chairman.

First, I wish to compliment the Secretary and General Shalikashvili on the confidence that you bring to the troops and to the Congress. We appreciate your excellent and straightforward fine work. I would be remiss if I did not say that.

One question for Dr. Perry before I have several for the General, Dr. Perry, is it not correct that should the contract group agreement in Bosnia come to pass and everybody agree on a peace settlement, is it not true that we have committed 20,000 to 23,000 American troops to help enforce the peace there; is that correct?

Secretary PERRY. Could you restate the question again?

Mr. SKELTON. If peace comes to Bosnia and everyone signs up there, is it not true that our country has committed 20,000 to 23,000 peacekeepers?

Secretary PERRY. If we were to be so fortunate as to get a peace plan in Bosnia, and that peace plan then would involve a new set of peacekeeping troops to enforce it, the President has said he is prepared to participate in that peacekeeping force under certain conditions.

Mr. SKELTON. I understand that. Assuming they all come to pass.

Secretary PERRY. The second thing is that this be a NATO operation not a U.N. operation. Third is that the Congress has to pass on this.

Mr. SKELTON. I understand, but if that comes to pass, we will have 20,000 to 23,000 troops doing peacekeeping?

Secretary PERRY. I think the number will not be that many, but it will be a sizable force.

Mr. SKELTON. General, I appreciate your comments on page 7 concerning joint professional military education. I assume by your positive comments there that you would not be in favor of any cut in funds for professional military education; is that correct?

General SHALIKASHVILI. That is very correct. I think that one of the imperatives of maintaining the quality force is maintaining the quality leadership that we have and that is to such a large extent dependent upon the education we give and PME is key to it so anything we can do to retain PME education at the levels we now have and to the numbers of people that we can now give it, I strongly encourage us to do so.

Mr. SKELTON. Thank you. I also appreciate the comments you made about the high caliber of the young men and women in uniform. General, on page 10 of your prepared statement you said, anyone who has sat in my chair this past year wouldn't have any reservations whether or not the requirement for two MRC's is the right strategic choice. We cannot afford less. Do you still agree with that statement?

General SHALIKASHVILI. I fully agree with that statement.

Mr. SKELTON. You also state on page 12 near the top of the page, I will quote from your comments here—with the previous larger base force—the previous larger base force is the one to which the

Secretary referred on the chart a few moments ago, which had 430 Navy ships, had 12 Army divisions and the like—with the previous base force, the Joint Chiefs, the CINC's and I were convinced we could support a reasonable number of operations other than war, such as peacekeeping and sanctions enforcement operations and still have enough additional forces to fight two MRC's. But the smaller force that emerged from the Bottom-Up Review eliminated this latitude.

Under ordinary conditions there will be enough forces to perform operations other than war, but in the event we become involved in a major conflict, we will have to withdraw our forces committed to operations other than war in order to restore our posture to respond to a second major conflict.

Let me ask you, general, in your professional and personal opinion, with the programmed 1996 forces as displayed on the chart, can the United States fight and be successful in two major regional conflicts plus the peacekeeping tempo that we have experienced within the last year?

General SHALIKASHVILI. No. My statement was intended to say that in order to be able to engage in two near-simultaneous regional contingencies which with the force postulated by the Bottom-Up Review, you cannot simultaneously be engaged in significant operations other than war and that when the first—when we get involved in the first major regional contingencies there are a number of tough decisions that have to be made.

One of those tough decisions is whether you want to reinforce in the other potential area. There is no automatic action, but you need to consider that. The other one is that if you sense that you are likely to get involved in a second major regional contingency, you need to begin to withdraw the forces for all operations other than war that you might have at any given time.

Mr. SKELTON. It might be difficult to take them out of Bosnia or someplace like that; is that correct?

General SHALIKASHVILI. Yes. It is difficult politically and difficult to do with some forces and some operations militarily. But the time between operations that we postulate, the clear understanding that we all have before getting involved in these operations and from where we take those forces to get involved in operations other than war, we have up to now always tried to do this from late deployers. This makes it difficult, but certainly not out of the question. It is just a more difficult issue that we did not have to face before.

Mr. SKELTON. Thank you.

The CHAIRMAN. Also, if I may follow up on that, the lift capability that we will need to lift our people back and forth in all these contingencies is a big problem I think that has not been mentioned yet.

General SHALIKASHVILI. It has not been mentioned here by the Chiefs and I and the CINC's consider that and have discussed it and have looked into it as we were looking to revalidate the lift requirements for this operation. You do not have to deploy all forces back home.

The obvious example is that the carrier battle group in the Mediterranean can go onto the next major regional contingency without coming home. Certainly other units, particularly those that had to

be reconfigured in order to participate in an operation other than war will certainly have to be brought home, will have to be reintegrated into their parent unit before they can be shipped out, so it does impact lift, yes, sir.

The CHAIRMAN. But aside from those units, the lift capability to move troops back and forth from one area to another back home, we are lacking in that perspective from what I hear.

General SHALIKASHVILI. For me the No. 1 enhancement of the force that will make it possible for us to engage in two near-simultaneous regional contingencies is the lift issue, so I cannot urge you more strongly on anything else as far as these enhancements are concerned than to ensure that we do not slip from our program to improve our strategic lift capability.

The CHAIRMAN. The gentleman from Pennsylvania, Mr. Weldon, is recognized.

Mr. WELDON. Thank you, Mr. Chairman. Let me thank the Secretary and the general for your appearance today and for your commitment to our military. We appreciate your leadership.

As you both know, there are concerns, I think, that are bipartisan on this committee and throughout the Congress that perhaps we are not doing enough to totally support the needs of our military bases and the threats that are out there. I say that because the GAO told us that perhaps we are \$150 billion overprogrammed.

The CBO recently said that perhaps we are \$65 billion short for the next 5 years. Congressman Skelton has led the way with a budget he proposed 2 days ago that says we should add \$44 billion to meet the needs. Even former Chairman of the Joint Chiefs, Colin Powell, said last Monday that based on the assumptions that he helped create, the budget for this next year is too lean.

Added to that, we have Members of Congress seeing that as defense spending is going down and we have actually decreased it by 25 percent over the last 4 years, we have increased nondefense-related spending by 361 percent, taking money away from vital needs of the military.

I don't think that there was an earnest attempt to eliminate much of that in this budget especially with the critical shortages that you are attempting to deal with in terms of readiness, taking money away from the procurement account. Then we have the President go on national TV and tell the American people that he agrees that there is a shortfall and he is going to put \$25 billion back in the defense budget.

What he doesn't tell the American people is that he is going to cut the acquisition accounts by \$5 billion at least this year according to your estimates and that \$23 of the \$25 billion is not going to come, by the way, until after the next Presidential election, which is great for anyone to promise, \$23 of \$25 billion after I run for election again. Yet, that is what we are faced with today.

The modernization, and in the words of the testimony that has been presented to us, is that modernization in the outyears will be based on base closing savings and acquisition reform and we all know what has happened in those categories over the past several years. And then we have an administration saying we are not moving fast enough on a supplemental when it wasn't given to us until

this past Monday as a part of the President's budget, and we will act aggressively on that.

But I want to hit one item along with that supplemental, because in your testimony, Mr. Secretary, you mention that you are also going to request a diversion of funds for unplanned contingencies which Mr. Hamre had mentioned to us at a breakfast meeting. Members that I talked to on both sides of the aisle are concerned that we have a \$3 billion supplemental that we are going to have to act on which in effect is going to pay for things that we didn't support, in many cases, when they were first authorized.

Here we are going to place in this supplemental money for operations in Haiti and Bosnia and Somalia and around the world in some cases that we would have liked to have voted on up front. In this next cycle you want to give us authority to put money aside that perhaps could be used for those contingencies.

I agree that we need to stop robbing the readiness accounts. I agree with that premise. My concern relates to one or two questions that I want to ask you. Will you assure us if we give you this authority that none of that contingency money will be used to pay foreign troops, their salaries, their housing, and their benefits?

Why do I ask that question? I ask that question because right now we are using DOD money to pay 100 percent of the costs of troops from Third World nations in Haiti. We are paying their salaries, their benefits, their housing costs at a time when it was reported that in a training exercise for the 2d Armored Division in fiscal year 1994 there were insufficient funds for fuel, ammunition, and maintenance, so it forced one tank battalion to conduct platoon training without the actual tanks. Instead the crews walked through the range pretending to be in tanks.

We had troops that were training, pretending they are in tanks on the range and we are paying the full salary of benefits of troops from Bangladesh and Haiti and we want to give you unlimited authority to do that in the future, or this President unlimited authority? I have problems with that.

Will this contingency fund specifically say that none of that money will be used for anything except for American military forces and American military operations?

Two, why can't we have that authority brought to you by the Congress when the contingency arrives? In the case of Haiti we knew we were going there for months. Why couldn't the President come to us and say give me the authority to spend an approximate amount of money and let us deal with it then. Why does it have to be a blanket black hole pot of money that could, in fact, be used for operations that perhaps the Congress would not agree should be totally funded like the DOD funding of troops from Third World nations in Haiti.

My other question relates to a report that supposedly has been done internally by what has been called a tiger team on the options for a national missile defense plan. The report said there were three plans being looked at. One was accepted if, in fact, we move to deploy and the cost would be about \$5 billion total. That is the exoatmospheric kill vehicle. I would ask if that in fact is an accurate dollar amount. Thank you.

The CHAIRMAN. Before the Secretary answers that, it might take a while. Do you want to break now and answer it when you come back?

Secretary PERRY. No. I prefer to answer the question now and we can break. I will make a few points on the questions raised by Mr. Weldon and ask Mr. Hamre to comment further.

I am not sure what programs you are referring to as being non-defense programs in this budget, but I think we may have some disagreements about what is really a defense program, and I think that issue is best discussed by looking at a program at a time; but specifically I would comment, of the three programs that have been challenged as being nondefense programs, the Nunn-Lugar, the comprehensive threat reduction, the Technology Reinvestment Program and the environmental restoration activity, the first two I believe very strongly are defense programs in national defense interest and am anxious to defend those on the merits of the programs.

On the environmental, nearly everything we are doing in the environmental area is environmental restoration required by law. As we close down bases in particular we are required by law to clean up the pollution that has occurred in some cases over many, many decades, and we have really only two alternatives there since we must obey the law in this.

One is to do it as we have proposed to do it and the other is to stall and defer it and leave that as a problem for a successor administration. We have chosen to proceed and do it in an orderly way. That takes a lot of money. But until and unless the Congress changes environmental laws, these are legislatively required, in some cases under court orders. So I don't think that is a substantial source of funds that are available. I would like to ask Mr. Hamre to comment on some of the other points.

Mr. HAMRE. Mr. Weldon, first of all, my personal knowledge is to you that I failed to explain what we are seeking in our authority this year. It is not meant to be a pot of money or a black hole or blank check that we are seeking from the Congress.

I did my doctoral dissertation on the War Powers Act. Nobody has studied more intensely this friction point in the Constitution between the Congress' constitutional legitimate control through the power of the purse and the President's constitutional legitimate role as Commander in Chief. And this is a 200-year-old friction point in this country, in our republic.

What the Secretary chartered us to do was to try to find a mechanism that would honor those two constitutional prerogatives, not try to tilt one way or the other. We are not seeking a slush fund or a blank check. We are seeking authority much like the Food and Forage Act that can only be used in very limited circumstances and let me assure you the way it is drafted it can only be used for U.S. forces because it can only be used to liquidate bills in the budget requests to you in budget activity 1 in the O&M accounts.

We are trying hard to honor this longstanding and, I think, very important dimension to the Constitution. We are not asking you to write a blank check to the DOD.

The CHAIRMAN. I thank the gentleman. Our distinguished ranking member has a clarification question for you, Mr. Secretary.

Mr. DELLUMS. Thank you very much, Mr. Chairman. I appreciate your indulgence.

Mr. Secretary, just before the meeting began, one member of the press asked me to observe that we are now releasing funds for the purposes of maintaining the integrity of the B-2 bomber industrial base and asked me what my thoughts were about that.

My straightforward response was that in the context of the conference report deal that was worked out in fiscal year 1995 where the controversy was around whether or not there was a bomber gap, you said let's look at that objectively and ascertain once and for all whether there is a bomber gap.

If the answer is, yes, then what are the various options available to handle that gap, the costs, and B-2 was clearly on the table as a legitimate option in the funds that would be made available for the purposes of maintaining the integrity of the industrial base. That was simply to say that this is an honest effort to answer this question, that I would place no further significance on the expenditure of those dollars than to say that you are leaving that open as a live option as you go forward with the process of making these determinations and it doesn't signal anything other than that or that a judgment has been made with respect to the issue of increased B-2 bombers.

Secretary PERRY. My understanding of the actions that we are now taking, we have taken two actions. First of all, we have begun a comprehensive in-depth study as requested by the Congress to look at the option of considering the procurement of additional B-2's. This will be a carefully done study, and it will be fully and honestly presented to the Congress when we are completed.

We will be at an important milestone in that study about the end of April and that would be an appropriate time for Congress to look at where we stand. The full study won't be over until midsummer. In the meantime we have released a portion of the funds authorized by the Congress, I think \$95 million. We are holding the balance of those funds pending the outcome of the study. That is my comment, two points I would make on your issue.

Mr. DELLUMS. So I am correct that maintaining the industrial base at this time is to leave it open as a live option, but is not signaling that you have made the judgment with respect to increasing the number of bombers?

Secretary PERRY. We are maintaining the basis to preserve the option for another year, not indefinitely.

Mr. DELLUMS. Thank you, Mr. Chairman.

The CHAIRMAN. We will recess for lunch and come back at 1:45. That will give you more time.

Secretary PERRY. Thank you for the courtesy.

[Whereupon, at 12:25 p.m., the committee was recessed to reconvene at 1:45 p.m., this same day.]

#### AFTERNOON SESSION

The CHAIRMAN. The meeting will be reconvened. Mr. Secretary, looks like you made it back in good shape.

Secretary PERRY. Thank you, Mr. Chairman.

The CHAIRMAN. We will start the questions with the gentleman from Virginia, Mr. Sisisky.

Mr. SISISKY. Thank you, Mr. Chairman and welcome, Mr. Secretary, and General. Mr. Hamre, you mentioned the conference in Munich this past weekend. We were both there for 48 hours.

I want you to know that the Secretary and the Chairman of the Joint Chiefs of Staff played a very important part, no less than sitting in meetings for 10 hours a day, but having their bilateral meetings all over the place, and I was very proud to be part of that delegation.

I will start by saying we have heard things about nondefense items in the defense budget. It seems strange to me, I have a copy of a letter where a Governor of a State was criticizing the Comptroller for cutting \$407 million out of environmental restoration things.

We have push-pulls from everywhere—it was a letter from the Governor of California in that regard. I could talk to you about different items in procurement, but I won't do that. I will save that for the particular service chiefs except for one item, but before I do that I would like you to elaborate on your comments to the conference of mayors about the dimensions of the base closings this time as opposed to 1993—I think I saw in this morning's paper—with respect to the possibilities of another round for the next year.

I had not wanted to break ranks with my colleagues by getting into an issue with regional overtones. However, there is one issue that confronts all of us who are worried about our security as well as our budget and that is the issue of maintaining our submarine fleet and our nuclear industrial base, which is linked to nuclear carriers as well as submarines.

I have been briefed just this past week on the way the Navy sees the current and future threat and I know there are issues that we simply cannot get into in open session. It was really an eye-opener for me. But one of the issues we can get into is the development and the acquisition strategy for our future submarine fleet as outlined in the Bottom-Up Review and included in your current budget.

I want you to know that my concern may not even be so much with the third *Sea Wolf*, although I promised I would look at it, but I do have concerns about it, as much as I am concerned with what happens down the line with a new attack submarine. In the Bottom-Up Review, on page 34, of the program and acquisition costs by weapon systems, it says the SSNN will be built by the Electric Boat Division of the General Dynamics Corp.

I am concerned with how you make the decision to sole source a procurement of a new attack submarine, because it is my opinion that we didn't have to do it that way. Further, is this the smartest way to buy a product, by letting a business know that you will not allow any competitors, however skilled and qualified they may be? Wouldn't the savings be there whichever shipyard won such a competition even if Electric Boat were the ultimate winner?

I know that is a parochial issue, but it may be the dynamics of whether there is a *Seawolf* in this year's budget in which you place \$1.5 billion. I would like you to comment about that, Mr. Secretary.

Secretary PERRY. First of all, a quick comment. I do have a letter from Governor Wilson in which he points out his concern and the

concern of his State if there are cuts in our Environmental Restoration Program. He sees that as being deleterious to the welfare and economy and health of the people in the State. His letter, I think, typifies the views of most States officials that I have talked with that we have a responsibility when we leave a base to clean up and a responsibility to maintain an active environmental program for the bases that are ongoing. I will be meeting with Governor Wilson after I meet with this committee to give him a chance to stress his views. I think he has a valid concern.

On the submarine, I will summarize my views on that which led to the decisions and the choices we took. First of all, I believe strongly that the U. S. national security will require us to maintain the capability to build nuclear attack submarines for the indefinite future on into the next century; that, second, the need, the numerical need, the number of boats per year we are likely to be able to procure for the foreseeable future, we will not be able to maintain two submarine production lines. And yet we thought it was desirable to maintain two nuclear-capable yards, and the only way of achieving that with the limited number of carriers and the limited number of submarines that we are building would be to have one of them building carriers and the other building submarines.

It would be better if we had a large enough production run that we could do competition in the submarines and competition within the carriers, but we do not have enough production need in order to support that. The advantage of maintaining the two nuclear-capable yards is that if we ever have to expand our capacity of production in the future, we can expand readily if we have two nuclear-capable yards and in a time when we need to have two yards building submarines, we could take the yard that is making carriers and expand them to include submarines as well.

But if we once shut down one of our nuclear-capable yards, the prospect of getting that reopened is essentially nil. The certification required, the environmental impact statements required, the whole problem of recertifying a nuclear yard could take a decade or more and to a very uncertain future. Therefore, we concluded we ought to keep open—to maintain the best industrial capability in the future, we ought to maintain two nuclear-capable yards and it was that line of reasoning that led us to the judgment.

We would have far preferred to have maintained two submarine yards for the advantages implied by your question, for the advantage of maintaining the competition.

Mr. SISISKY. I look forward to the debate on that as this unfolds. You didn't answer the BRAC question, Mr. Secretary.

Secretary PERRY. On the BRAC question, we will be submitting—I expect to get within a week the service proposals for BRAC and within a few weeks after that I will be submitting my BRAC proposals.

Based on the preliminary information that I have received to date, I believe that in aggregate the BRAC 1995 will be somewhat smaller than the BRAC 1993. It will still be a significant number of bases on that closing, but it will be smaller than in 1993.

The difficulty and the costs of closing down the bases have certainly influenced the services in that regard, but when we get this list in, and assuming that the Commission will approve it, we still

will have somewhat excess capacity in our bases, and therefore I do believe it is—I would certainly appreciate having the flexibility of having another possibility for closing bases some time before the end of this decade.

It is not an immediate need, but perhaps by 1998 to have another shot at base closing it would be desirable. I understand that that is a very complex political question. I have not made a formal proposal to the Congress to do that yet but am stating it as a matter of desirability.

Mr. SISISKY. Thank you.

The CHAIRMAN. Thank you, Mr. Secretary.

Mr. Chambliss.

Mr. CHAMBLISS. Thank you, Mr. Chairman. Secretary Perry and General Shalikashvili, I would like to begin by thanking you for once again appearing before this committee to offer your thoughts about the very difficult decisions that lie ahead for this Nation's military. I am a little bit concerned about the readiness issue, Mr. Secretary.

You have previously alluded to the question regarding readiness and again this morning allude that that is the No 1 priority. But at the same time, the numbers in the budget don't appear to coincide with your comments regarding readiness.

Is the administration satisfied with the level of readiness or is it as you say that we have got to spend more money in that respect? I am a little bit confused about that.

Secretary PERRY. In answering that question I need to divide the problem into two distinct components. The first are those programs having to do with maintaining the readiness of the current force and the operational training programs, for example. We have in the budget adequate funds to support everything we need to maintain the current readiness of the forces provided that we don't have diversions for that fund.

We do have in the 1996 budget adequate funds in that regard. This will sustain all of the training, all of the exercises we need to maintain very high levels of readiness.

We do not have sufficient funds to fix all of the problems associated with the quality of life factors which I described, which over time will affect readiness. I mentioned that we have inadequate base housing. I do not propose to fix that within 1 year, but I do regard that as a very important problem, one that we have to continue working on.

I indicated that I will be coming back to the Congress with additional proposals on that this year, yet some of which may require new legislative authority to deal with that problem. Current readiness, we are in good shape. The quality of life issues which could affect medium-term and future readiness, we do have continuing problems of which base housing is the most obvious.

Mr. CHAMBLISS. General, let me address this next question to you. I would like to hear your opinion on a matter relating to the future particularly of the Air Force. The budget plan for next year submitted by the administration includes funding for the B-2, the C-17, and the F-22.

Can you please assess the threats you see in the long range that face us in the skies and in light of those threats can you prioritize for me the various alternatives that will respond to those threats?

General SHALIKASHVILI. I think, first of all, as you look at the challenges ahead—I indicated earlier that I see the challenge to be essentially as we had identified it in the Bottom-Up Review; that is, that this country must maintain the forces, balanced and capable and ready to fight in two widely separated areas near simultaneously.

To do this, you need a force that is balanced as far as its capabilities are concerned. First of all, you need a force that can get to the theater where you are going. So I have maintained the view all along that the most critical issue for us right now is to have the strategic lift to get somewhere; that any time you are late, it requires a larger force to deal with the problem than if you can get there early, and if you can get there as we did in that small example in the gulf, lately before the fight even starts, you have a good chance of suppressing the fight even before it starts.

That will tell you that I place a high priority on the C-17 as part of the overall strategic lift capability. But the forces, another one of those enhancements that are essential to the smaller force in order to be able to do that are systems that can deliver smart munitions and the necessary smart munitions that go with them. And so as you look at the force now and as you look at what we need in the future, we have to ensure that our fighter aircraft are sufficient in numbers and sufficient in capabilities and that we have the smart munitions that can be delivered.

We are somewhat used to thinking back on Desert Storm and watch the film clippings of what smart munitions did during that conflict. It is useful to remind ourselves once in a while that those smart munitions that we watched on TV screens being delivered down chimneys were a relatively small proportion of the total munitions that were dropped and delivered in the theater because our capability was relatively small. So what we saw was not the reality, but the glimpse of the future.

So my next priority is, in fact, to ensure that the fighter aircraft we have today have the capability of delivering it and that we have out there in our developmental programs the necessary replacements for them.

Finally, clearly we need to have the bomber force that is so absolutely essential in delivering the—first of all, giving us the ability to literally swing from one major regional contingency to the other, to deliver the tonnages, to have the legs, et cetera. So the bomber force is very, very important.

On that last one, the Department is involved in a very extensive bomber study that will address the issues as to the total requirement, and so I really need to defer the issue on what kind of a bomber force we will need and what kind of a B-2 requirement we will have until the bomber study is completed.

Mr. CHAMBLISS. I have seen some conflicting figures on the B-2. There appears to be an estimate of \$9 billion and another estimate of \$30 billion. Can you help me with that?

Mr. HAMRE. Sir, the estimate, there was \$15 billion in the base year dollars, the fiscal year 1995 dollar and I think the 30-year es-

timate is when everything is inflated over the lifetime of the program and of course that would go out some time. It would also depend on the rates of construction so it could be as much as a 15-year production cycle. Over that length of time inflation is large.

Secretary PERRY. The \$30 billion also includes the life cycle costs, the 20-year operating costs. So the lowest figure you hear is an estimate of the procurement costs only, uninflated.

The next higher figure is procurement costs inflated through the years in which you buy it and the third figure, the \$30 billion includes 20-year life cycle operating costs. The reason you hear different figures is the different bases for making the estimate.

Mr. CHAMBLISS. Thank you, gentlemen.

The CHAIRMAN. The Chair recognizes Mr. Pickett, the other gentleman from Virginia.

Mr. PICKETT. Thank you, Mr. Chairman, and welcome to our witnesses today.

Mr. Secretary, you commented about contingency operations and how they are funded and at the present time the boat people in Guantanamo are costing some \$30 million a month, and I would like to know if that cost has been factored into the budget that the Department is presenting for 1996?

Mr. HAMRE. Mr. Pickett, in our supplemental request we are asking for approximately \$370 million to cover the cost through fiscal year 1995 for the refugees that are in Guantanamo and that includes the cost to move them from Panama back to Guantanamo, but we do not have funds in our budget for fiscal year 1996 to continue that activity.

Mr. PICKETT. Do you have any indication that this operation is going to be concluded by September 1995?

Secretary PERRY. We do not.

Mr. PICKETT. Wouldn't it be prudent to have some money in there to take care of this in 1996 if it appears likely that it is going to be a problem then?

Secretary PERRY. Traditionally, we have not had in our budget the funds for contingency operations when we were not sure they will be conducted and traditionally the Congress has not accepted when we have made those proposals in the past.

Mr. HAMRE. I should say that the—we have asked for the supplemental because this occurred very late in the fiscal year and we are the agents for it, but the Federal law is clear that if it is a problem with refugees, it belongs to Department of State to resource. If it is a matter of immigrants, it is Department of Justice. Neither have forces that can help with this sort of thing so we are now paying those bills.

We think they should be resourced in other departments because they are not our responsibility, but we need to ask for the supplemental now because it would be affecting our readiness.

Mr. PICKETT. But it is not a contingency if it is actually in operation. It is as a matter of fact. It would seem prudent to plan to fund this in the 1996 budget in order to avoid further drains on the Navy resources that is paying the \$30 million a month to maintain this.

Second, I notice in recent news reports that North Korea is re-evaluating the agreement concerning the nuclear situation in North

Korea, and I would like to know what amount would have to be added to this budget to plus up the forces in the manner in which you indicated earlier in your remarks, Mr. Secretary?

Secretary PERRY. First, let me say that we expect continuing discussions and debates and disagreements with the North Koreans over this agreement. Nevertheless, I have some confidence that it will hold and we will proceed to implement it. But if it does not hold and if the North Koreans are back to generating plutonium from which they can make nuclear bombs, then we are back to confrontation again and I would recommend to the President, just as I did last June, that we augment our forces in Korea.

I presented him with three different options at that time and there are different costs associated with each of those three levels. The minimum one involves several billion dollars a year, so it would be a very significant cost. We would have to come back to the Congress. We are going to propose to do that and get the funding and the authority to do that.

Mr. PICKETT. So the 1996 budget, the way it is presented here would not have provision to augment the forces in North Korea if this agreement is not consummated?

Secretary PERRY. That is correct.

Mr. PICKETT. The next question relates to base closure. Apparently, there was a sudden change in strategy by DOD. After having talked about the magnitude of the proposed closure that would take place in 1995, you stated several weeks ago that there had been a change and that the number of bases scheduled for closure or realignment would be nowhere near the number that had been indicated previously.

Can you tell us why this change in strategy of the Department is taking place?

Secretary PERRY. There really was no change in strategy. In 1993 when Secretary Aspin released the BRAC 1993 figures, he called that the mother of all base closings, and he went on to suggest that the next one, the 1995 might be even larger. So that was an impression left out there.

He and I have both testified at various times that the need to close bases between now and the end of the decade was substantial just in terms of the size of our overhead and infrastructure we were carrying with us. Now, what has been going on in the last 6 to 9 months is that the services have been going through their needs and looking for ways of cutting each one of them, cutting their overhead and the infrastructure by reducing bases, and they will be submitting to me next week a list of the bases that they propose to close.

Preliminary feedback from the services suggests that that list is going to be less than the list of 2 years ago, not as a result of any strategy guidance that we have given them, but it is just that they are very hard to close.

I think the only simple way I can summarize the situation is that all of the bases that were relatively easy to close were closed in 1988, 1991, and 1993, and what is left now are very difficult to close and the services are having a hard time coming to the judgment that they can do without these bases. In any event, the list, I understand, will be somewhat less than the size of the list in

1993. Nevertheless, it will be still a significant base closing and will be fairly painful to implement.

**Mr. PICKETT.** Thank you.

**The CHAIRMAN.** The lady from Jacksonville, FL, Mrs. Fowler.

**Mrs. FOWLER.** Thank you, Mr. Chairman. One thing I wanted to comment on, I was pleased to see on the future readiness chart that you had included as an important component of future readiness depot maintenance for two MRC's, because I do think that is important.

I know that is a debate going on now within DOD as to how many depots we need and where they need to be, but I was pleased to see that was one of the items on your chart because it gets to the bottom line. Part of being ready to fight and win is having that capability and making sure that we don't lose it. I was pleased to see it on there and that it is near the top of your list.

I have a couple of questions. I understand that NATO is considering procuring an air-to-ground surveillance system and that the acquired system is to be NATO-owned and operated like our current arrangement with AWACS. I want to get your perspective on application of the joint STARS system to this requirement.

**Secretary PERRY.** I have very high regard for the applicability of joint STARS in NATO and joint STARS demonstrated its capability still as an experimental system in Desert Storm. In my judgment, one of the highest requirements we have is getting that system deployed and available for use around the world, particularly NATO.

I would like to ask General Shalikashvili to comment as well.

**General SHALIKASHVILI.** As Supreme Allied Commander, I established a requirement for that kind of a system and while there are some competitive systems out there, it is my judgment that joint STARS fits the requirement better than any other system I am aware of right now so I am very partial to that.

**Mrs. FOWLER.** Good. Another point I would like to make, I gather his morning that a point was made that as we all know that BRAC is fundamentally important to the recapitalization of our forces and that you are expecting to spend around \$2 billion to implement previous BRAC rounds in this fiscal year 1996 budget.

As Mr. Hamre knows, I am concerned that some of the programs that in the past BRAC's that would be transisted through, like the 7-14 program and others, there has been a shortfall of funding to do that so the transitions have not been moving along as planned.

I know there has been some reprogramming and that has helped.

Under the new maybe smaller round for 1995, do you think this 1995 round is going to provide for the level of recapitalization that is needed to advance the defense program as laid out or do you think we are going to need another BRAC round in the future?

**Secretary PERRY.** I want to correct a figure that I gave in my opening statement. I described the costs of BRAC in the fiscal year 1996 budget and then I referred to savings we were going to get in outyears, \$2 billion cost and \$4 billion savings. It was a \$4 billion cost in fiscal year 1996. That is—\$3.9 billion in fiscal year 1996, and a \$4 billion savings in the outyears. So the swing from the cost this year to the savings by fiscal year 1999 will be about \$8 billion and that is the amount of money we will shift to the modernization account.

The principal issues that we are having with that now are getting the—we have had two issues from the Congress in terms of funding it. One is putting in the amount of funds to support the communities in closing down the bases, and some people in Congress refer to that as a nondefense expenditure and ask that we take it out of the budget. I think that is a big mistake, and I hope I have the opportunity to defend that point in case it comes to that.

The other is the amount for environmental restoration in closed bases. That is something required by law and the best we can do on that is push those charges off to future years, which I do not think is a good idea to do, because if we push them off, it delays our ability to turn the bases over to communities so they can use them. For the people and communities involved, it is much better when we close bases to get them closed quickly and cleanly.

Mrs. FOWLER. Do you foresee the need for another BRAC after 1995 if we are not going to come up with the dollars we need?

Secretary PERRY. I have not come to Congress to request that. My best judgment is that it would be advantageous if we had another opportunity late in the decade, perhaps 1998 or 1999 for one more round of BRAC base closing. I don't think we will get our infrastructure down to a level compatible to the force structure with this round of base closings.

Mrs. FOWLER. Thank you.

The CHAIRMAN. The gentleman from Texas, Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman. Going back to the same question about base closure, Mr. Secretary, during testimony before the committee last month, General Accounting Office [GAO] and Congressional Budget Office [CBO] indicated that one of the significant causes for the alleged DOD funding shortfall is the understated cost associated with the planned fourth round of base closures scheduled for this year.

CBO has estimated that the Department has underestimated the cost of the upcoming round by \$12 billion and GAO says the costs are underestimated by \$8 billion.

What would be your response to concerns that DOD has understated the cost of closing bases and overstated the annual savings? Would you say that statement, was this a fair statement from both GAO and CBO—

Secretary PERRY. I would be greatly concerned if we were understating costs particularly to that extent. Let me ask our Comptroller—

Mr. HAMRE. What GAO did was to take a statement that was made 1½ years ago that the last round of BRAC would be as large as the first three rounds combined and used that as the only analytic underpinning and compared the stream of those dollars and compared it to what we had in the BRAC for round four and said that we were short.

BRAC round four is not going to be as large as the first three combined. We believe we have honestly priced it. Our first estimates, we didn't realize that some of our costs would be as high as they were. Environmental costs have turned out to be higher than our original projections. So we have made adjustments.

We have nearly \$10 billion budgeted in this 5-year plan for closures. We believe that is adequate for completing the first three rounds and the currently anticipated fourth round.

Mr. ORTIZ. So, so far have you seen any savings on those bases because of the bases that we have closed?

Mr. HAMRE. We have net savings this year from BRAC round one, \$500 million, growing to \$800 million next year. That will be at steady state savings from that point on. Our savings in BRAC round two are not totally positive yet. This is the last year, I believe, where our costs are larger than savings.

Next year, we will save about \$1.5 billion a year from that, starting in fiscal year 1998 and that will be the steady state number of savings from that round. I will get you the data for round three and we don't have that for round four yet.

Mr. ORTIZ. I am glad to see that the military construction budget focuses on quality of life programs and family housing. I just have a few questions in light of the budget submission.

At the current rate, how long will it take to modernize family housing in barracks in the continental United States and overseas? It is my understanding that with regard to the initiative to upgrade housing for both unaccompanied and married personnel, we are looking for a long-term commitment.

Can you address future requirements or initiatives with regard to these areas and give us an idea as to how the sites were selected, the criteria?

Secretary PERRY. Let me give you an issue answer and turn to Mr. Hamre to add more detail. We have added a substantial increment of funds for housing as a part of this quality of life initiative. Even with that money added, it will take far too long to solve all of our housing problems at that rate. Therefore, in my opening testimony, I said that we needed an initiative beyond that and that I would be coming back to the Congress this year with that initiative.

My present view is that that initiative would be asking for legislative authority rather than asking for funds; that is, finding offbudget ways for financing these houses. I want to find a way of jump starting the system and getting substantial increases in the housing done in the near future. But I know I will have to come back to the Congress for assistance in doing that.

Mr. HAMRE. Mr. Ortiz, for family housing this 6-year plan will modernize 14 percent of all stock either with new construction or total representation. That 14 percent represents about one-seventh of our housing stock so if you think about that every 6 years you do one-seventh. That is a 40-year replacement cycle. That is too long.

Our spending is up 13 percent over fiscal year 1994 levels. That is still insufficient, and that is why the Secretary has said we need to find some other methods that, for example, reviving the 801 authority, the 802 authority that we had before that got diminished because of some changes in scorekeeping rules.

On bachelors' quarters, it is a good news story and a bad news story. We will build 40,000 new bachelors' quarters in the 6-year plan and renovate 10,000 bachelors' quarters in this plan. That represents 30 percent of all of the currently deficient bachelors'

quarters, but only 30 percent of the currently deficient. To get our bachelors' quarters up to standards today would probably take us 15 to 20 years. We have a serious problem in bachelors' quarters.

Mr. ORTIZ. What about the criteria used? Are you going to upgrade the old housing first or how will—

Mr. HAMRE. The criteria, there are explicit formulas through the Corps of Engineers and through the Navy facilities group as to whether it should be a renovation or a replacement. It is considered on a case-by-case basis. In this case, bachelors' existing quarters are pretty poor so we are going to build in this case 40,000 new bachelors' quarters and renovate about 10,000. So it is about a 4 to 1 ratio on bachelors' quarters.

On family housing it is closer to 50/50. But it is all done on a case-by-case basis and there is detailed economic analysis that is required for all of that.

Mr. ORTIZ. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. I would like to recognize at this time Mr. John McHugh, the gentleman from New York, chairman of our Morale, Welfare and Recreation [MWR] Panel.

Mr. MCHUGH. Thank you. Mr. Secretary, General, Mr. Hamre, welcome. Thank you for being here. I would like to go back to your briefing off the charts on current readiness. The last point you made was the effort soon to be completed by April 1995 to fix the fiscal year 1994 problems of late deployers. Could you fill in exactly what is occurring and what will be finished by April 1995?

General SHALIKASHVILI. Yes. As you probably know, there were three divisions involved. Two of those divisions are scheduled for inactivation. So rather than increasing their readiness to what it previously was, those divisions are going to be reduced in readiness and go to what we call a C-5 rating, which is a condition that you are in while you are inactivating.

The other division, which will be the second armored division, will be retained in the force structure, has a few more training events that they need to complete and the spare parts that were ordered need to arrive—they have been ordered as soon as the money was made available and they are in the system coming in. But it is principally the training events that they had missed and now have to be broadened, such things as tank gunnery and the necessary other ranges that they have to go through to requalify. And the best projections we have is that by April all the training that they had missed will be completed and they will be back to the readiness that they had before.

Mr. MCHUGH. So the three problems, we are addressing one directly, and the others are going away by going away.

General SHALIKASHVILI. Those were three late deploying divisions. When the Army scheduled to take two divisions out of the force structure, they took those divisions which had been the other two late deployers to have the minimum impact on the overall force. So we only need to fix one of those three divisions.

Mr. MCHUGH. Future readiness. Mr. Secretary, you made the point that you are looking and the Pentagon is looking for authority to have access to funding for contingency expenses, emergency situations that may arise in the future from certain accounts, from other accounts. Which accounts would you contemplate accessing?

Secretary PERRY. I should emphasize that this is only under certain conditions, particularly under contingencies that happened during the last part of the year. Let me ask Mr. Hamre.

Mr. HAMRE. Mr. McHugh, this authority would be just as food and forage authority as currently where when we use it as we did in Haiti, we have to come back to Congress and to seek replacement funding. The supplemental request that is pending has \$124 million that goes back to fiscal year 1994 from the start of Operation Restore Democracy.

In this instance, we have been asking to have it restored in the operation and maintenance [O&M] accounts. We would come back and ask for a supplemental and would, in essence, be using other accounts as collateral for a line of credit or for overdraft protection. When we come back, we would ask for you to give us additional funds to liquidate the authority and if you say no to that, then we would have to reprogram from any of the other accounts through other procedures.

Mr. MCHUGH. Too bad the House bank is closed. We could have helped you with that.

There was a question posed by Mr. Hunter that if you responded to, Mr. Secretary, I missed it. It was on ballistic missile defense. He brought up the circumstance that there has been quite a bit of discussion that talks involving the 1972 ABM Treaty might somehow limit the United States ability to put into effect TMD's and BMD's in general. What is the status of those negotiations on that particular issue?

Secretary PERRY. We have discussions—we will be having discussions with the Russian Government over interpretations of the ABM Treaty. The ABM Treaty allows theater missile defenses. It is only intended to prevent strategic ABM systems. But while it allows for it, there is some ambiguity in the language so we have proposed to the Russian Government that we have a clearer understanding as to what it is we are allowed to do in that.

My objective in this program will be to build the best and the most effective theater missile defense system that we know how to build and the most cost-effective system and I am looking for language which will permit me to do that.

As we conduct these discussions with the Russian Government, we will report to the Congress on what that issue is and if there seems to be any problem, anything limiting our ability to deliver a highly capable theater missile defense system, we will alert you to that problem. I don't see that as a problem now, but it is a theoretical problem until we get these discussions completed.

Mr. MCHUGH. Thank you.

The CHAIRMAN. In that connection, Mr. Secretary, some people in our administration, of course, your administration has voiced some concerns about these, the ongoing negotiations, that they might compromise or hinder the efforts we have in theater missile defense. Is that of concern to you?

Secretary PERRY. I should emphasize, there are no ongoing negotiations right now. We will be having discussions with the Russians later this year and I will commit to you to keep the Congress fully informed on those discussions. Whatever we do in this regard we want to have the support of the Congress in doing that.

The CHAIRMAN. The gentleman from Texas, Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. Thank you all for being here. I appreciate your leadership on national security issues. General, you have spent a very distinguished adult career working within the Armed Forces very closely with enlisted and other service personnel. Based on that, I am correct in saying that you have often said that morale and quality of life issues are a component to having a strong ready force; is that correct.

General SHALIKASHVILI. That is correct.

Mr. EDWARDS. Based also on your personal experiences with our service personnel, would you agree that within the quality of life issues that the education of our service personnel's children would be a very high priority?

General SHALIKASHVILI. Certainly, and I think one of the major concerns of families that have to move so frequently as military families have to is the state of education for their children at the new places that they go to.

Mr. EDWARDS. So based on that, then, would you say that any action that might significantly hurt the quality of education for the children of our service personnel could have a direct and significant impact on our morale and our readiness?

General SHALIKASHVILI. I would certainly say so.

Mr. EDWARDS. Then based on those answers and your perspective, what I find difficult to believe is how the administration's budget, not through DOD, but through the Department of Education, would recommend, as they have done, wiping out the entire part B Impact Aid Program, the very program designed to help guarantee a first class education for the children of our service personnel.

My question perhaps to you and Secretary Perry would be, did anyone at OMB, the White House, or the Department of Education ask you to sign off before that recommendation to totally wipe out impact aid part B was agreed to?

General SHALIKASHVILI. No. I have not been consulted.

Mr. EDWARDS. So even though this decision could have a direct impact on morale and ultimately our readiness, the quality of our service personnel who would stay in the military, no one asked you to offer your expertise on the impact on our Nation's military?

General SHALIKASHVILI. I have not been so asked.

Mr. EDWARDS. That points to a real breakdown in our system and in fairness to this administration, this is not the first administration to recommend such a cut, but I would like to ask you, Secretary Perry, if you would look into this and then give the chairman of this committee your best opinion as to whether we ought to follow through on that recommendation.

Not only was there a recommendation to wipe out entirely the part B program for those families that have to live off base, but it would reduce by a significant amount part A impact funds going to military schools that are on our military bases.

Secretary PERRY. I will look into that and report back.

Mr. EDWARDS. I would appreciate that. I know this committee has a wide range of views on many issues, but I would like to think that one thing that we all come together on is a belief that at a time when we are downsizing our military and asking our young

servicemen and women to spend more time away from their families, it would be unfair, unconscionable and a detriment to readiness to hurt the quality of education for our children, especially when you consider the fact is that not every military base is located in a property-rich district.

Perhaps there are some, but I can tell you for a fact that many of our bases are located in property-poor areas where there simply isn't the ability to raise property taxes high enough to offset the \$100 million plus that the administration is recommending cutting out.

I would welcome your input and perhaps we need a new system in future years so that before this kind of recommendation is made from any administration that the direct impact on our military and the morale and readiness of our military ought to be considered. Thank you.

The CHAIRMAN. The gentleman makes a very good point and I appreciate him bringing it up.

Mr. DELLUMS. Would the gentleman yield?

Mr. Secretary, I would like to go back to a question raised by Mr. Chambliss when he raised the issue of the different figures that are out there with respect to the cost of the B-2. As I understand your answer, you are saying that one price is the fly away cost based on a particular rate and that if you, for example, reduce that rate, then the long-term costs increase; but at that point, the second figure still is dealing with fly away costs, but you and I have to figure a cost above and beyond because you can't just have planes. You have to have personnel, equipment, maintenance, et cetera.

So if you factor in a 20-year life cycle cost which we have to deal with because you have to budget off of 20 years, then the cost goes up, so that is the reason for the three different figures. So the first figure was figured on a three-plane rate. If you dropped that in half and went 2-1, 2-1, 2-1, et cetera, then the cost would go up maybe even double and if you factor in again the cost goes up again; am I not correct?

Secretary PERRY. The \$30 billion cost included not only inflation factors, but it included the 20-year life cycle cost. That is why it is so much higher than the others. There were several lower costs depending on what the rate of procurement was and depending on whether or not inflation was included. The lowest figure was the highest rate of procurements and no inflation, simply fly away costs.

Mr. DELLUMS. Thank you, sir.

The CHAIRMAN. I would like to recognize Mr. Kasich from Ohio, the chairman of our Budget Committee.

Mr. KASICH. Mr. Secretary, you might recall 2 years ago we had this disagreement in here over the level of resources that should be committed to the budget, the Republicans at this time arguing that the budget was underfunded, and I think you arguing—Secretary Aspin arguing that it was not underfunded.

Somebody said that Mr. Skelton is now arguing that we need another \$40 billion which would be \$40 billion over where you are, which would be somewhere in the neighborhood of where Republicans have been on this. Of course, we had hoped that this would

have been discovered 2 years ago rather than now, but nevertheless—let me ask you with regard to this.

You come here today and you say that you have enough resources, that you don't need—you would take \$44 billion more, but that you don't feel that you need \$44 billion to have the most ready force in the world. Is that correct?

Secretary PERRY. What I have described here is the budget level we are requesting will maintain a high level of readiness for the force structure I described to you and it will have the smallest procurement program in history, but in the outyears that procurement program starts to recover.

Mr. KASICH. Let me ask you and the general, as well, are you saying that you are comfortable as the Secretary of Defense of the United States, the general as the Chairman of the Joint Chiefs, that you gentlemen are comfortable that the forces of the United States will be the best prepared forces in the world, with the best equipment to carry out the mission?

Secretary PERRY. The—

Mr. KASICH. I am not trying to trap you. There is an argument here that we want to add 40 and Mr. Hunter wants to add 140—I am trying to have you gentlemen, particularly the chairman, who at the end of the day all of us really have to be in a position to account for the soldiers across this globe—are you comfortable that you are being given enough resources—are you comfortable with the numbers, that our soldiers will be prepared, that they will have the right equipment, that they will be ready? Are you comfortable that we are doing the job for them in this budget?

Secretary PERRY. I am comfortable on the following point. First of all, I believe the force structure we are proposing is an adequate force structure for the mission we think we will face. My opinion derives from discussions with our Joint Chiefs and our Commanders in Chief.

Second, that this budget funds those two force structures adequately, including providing a high level of readiness. If more money were added to this budget, I would not put it in force structure. I would not put it in readiness. I think those are adequately funded.

Mr. KASICH. You would not put it in force structure and you would not put it in readiness?

Secretary PERRY. Yes. We could put it in base housing. We could put it in the procurement account and cause that line of increase of procurement to go up more steeply. I don't think either of those is necessary, but that is where my judgment would fall.

General SHALIKASHVILI. I believe that the force structure that we are going to is sufficient to do the job that the military has been given to do, which is to be able to fight and win two near simultaneous regional contingencies, providing that the force is enhanced with those systems that the Bottom-Up Review has identified, first and foremost strategic lift, smart munitions and the systems to carry those, prepositioning to help with the strategic lift, command, control, communications, computers and intelligence systems for us to look at these two parts of the world in a concentrated way, not like we do day to day, but also maintain and to watch the rest of the world.

I believe that this force that we have identified here and the money in the budget provides us the requisite readiness for that force that the service chiefs—

Mr. KASICH. Requisite or high readiness? We are not meeting minimum readiness, are we, in this budget?

General SHALIKASHVILI. No. I think the readiness that we are talking about is probably best characterized as the readiness that we have historically maintained over the last 20 years, that the forward deployed forces and those first to fight are at very high readiness, and that the remainder of the force not dip lower than the readiness levels that we have maintained for that force over a 10-year period. This budget, in fact, does that.

I share the Secretary's view that if there is an issue that concerns me, it is not so much today's readiness, but it is tomorrow's readiness, and that speaks to the issue of modernization and replacing things that simply get worn out even if you don't replace them with an improved thing, but just a new thing.

We are so used to talking about tanks and ships and planes we forget that there are tents and trucks and mess kits and other things that also need to be replaced as they get worn out, sometimes with an improved system, sometimes with a new one of the same kind.

Mr. KASICH. One follow-up question. General, what are we to make of the noncommissioned officer [NCO] panel that we had last year and each of us have constituents that come to us and say we don't have enough money. How do we square what we hear from people who are not at the top saying one thing and the cadre of people at other levels saying another?

General SHALIKASHVILI. I cannot speak for them, but I meet with the senior noncommissioned of all the services, meet with non-commissioned officers as I go into the field and I ask them questions whether they have enough money to train to the standards that they know they have to maintain, whether they have gone to the right schools and whether they feel comfortable that their buddy next to them is competent, whether their families are being taken care of.

So I think, like you and your staffs, I ask all those questions. The overwhelming responses I get is that the force is trained correctly, that they feel confident of their abilities and the abilities of their buddy, that the equipment is in good shape, that when something breaks and I probe them, how long it takes to get this part here so they can fix it, that that is working fairly well and we don't have any major glitches in the maintenance of our equipment; that if there are worries and concerns on their part, it is in the area of quality of life; that the housing they live in is not always what it ought to be, in some places it is plain lousy and that needs to be fixed.

They are worried, both are married and have children, that there be sufficient child care spaces there so they can leave their child to be taken care of. Those are the issues that they worry about and that is why I think if we are to retain these folks and get more like them, we have to make sure that quality of life is a high priority for us.

Mr. SKELTON. Would the gentleman yield?

Mr. KASICH. I have already run over.

The CHAIRMAN. If you would yield to me, because I want to comment on that myself, when you ask a question a certain way, of course, you get ifs and buts answers back, but I think it very well describes the fix we are in. I think it is fair to say that this budget, and I even put a question mark, adequately supports the policy of this administration.

As to whether that policy is the kind of policy that supports the national defense requirements of this country is open for question. Someone asked the other day to explain to them how a 5-or 6-year budget—we have two different budgets you keep referring to—is going to solve a lot of these problems past this administration's term in office, modernization, housing, a lot of these things will be solved by somebody else. How can we commit somebody else to doing these things. I couldn't answer him. Maybe you can help me on that one.

Secretary PERRY. Mr. Chairman, I talked with Secretary Cheney right after Desert Storm, and he made a very generous comment and a very interesting comment at that time. He thanked myself and Secretary Brown for developing the systems which he and his forces had so successfully used in Desert Storm. That was the gracious comment.

The interesting point was that a Secretary of Defense not only is dealing with the current readiness and dealing with current contingencies, but he is preparing the forces for the Secretary 10 years later or 15 years later, and that also is an important responsibility of what he is doing.

In the late 1970's, we were preparing the equipment that was later used in Desert Storm. Today, I take that responsibility very seriously, and I think the most significant thing that we are doing in that regard today is that we are maintaining the morale and the capability of the forces.

We are investing in people and preserving that asset, so that the Secretary of Defense two or three generations removed from me—I am the 19th Secretary—the 21st or 22d Secretary of Defense will have the legacy of having a highly ready force. It is not just current readiness.

We keep the training and morale features going, but to maintain the capabilities of this force 5 or 10 years in the future, of all the things that would take the longest to fix if they got broken, that is the morale and the capability of the force. If we start losing, fail to retain these very, very capable NCO's we have and the officers we have, if that once happens it would take us a decade to recover from that.

The CHAIRMAN. I would just point out it is awfully easy to let somebody else solve our problems for us. That power wave of procurement is an example. After the year 2000 somebody else is in office and they have to take care of all these things; it makes it more difficult. But it makes our job easier now to put it off on somebody else.

Ms. Harman.

Ms. HARMAN. Thank you, Mr. Chairman. Mr. Secretary, and General, I want to say how much I appreciate the care and professionalism that you have put into your presentation and budget

choices and into your management of DOD and our Armed Forces. Everywhere I go, and I represent the aerospace center of the universe, I hear positive comments about the present DOD.

Clearly, in my mind, you are trying to make the best choices to fund a right size defense within budget constraints. We could argue about whether there should be more money; I wish there were; or whether you have made every choice right, but I know you have tried to.

A few weeks ago when H.R. 7 was before this committee, Mr. Secretary, you gave some powerful testimony against the creation of a revitalization of the National Security Commission. The committee did report a bill with that Commission in it, there were some modifications, the composition has slightly changed, the missions are expanded somewhat and in the text of the bill and the establishment clause the word, "advisory," is inserted. I would like to ask you whether those changes cause you to amend or change your testimony about title III.

Secretary PERRY. I would like, first of all, to thank you for your comments, Ms. Harman. I think the changes that were made in that aspect of H.R. 7 were very important improvements, and I thank the committee for making those changes. I continue to believe that the task that was given the Commission is the wrong task for an independent commission.

We have had commissions looking at all sorts of issues through the years of procurement reform, many, many technical issues, the composition of the strategic forces—all of those are very appropriate issues to give a commission, but the strategic planning of the defense program, in my judgment, is not an appropriate charter to give the commission. Nevertheless, I still thank the committee for the very significant changes that you made in the way that would be constituted if it is done.

Ms. HARMAN. Thank you. I happen to agree with you. Speaking of commissions, there is another commission actively working, the Roles and Missions Commission, which will report in a couple of months. This question relates to the budget. Hopefully, that commission will come up with some strong recommendations to reduce overlap and duplication among the services.

I recall in my life being special counsel to the Defense Department and trying to advise on a standard military retirement system and coming up dry; that there is enormous cultural resistance. This is a question for you, General.

Do you think we can get some strong recommendations and would they save money and would we then be able, perhaps, to re-program some of that money in, I think, much more positive directions?

General SHALIKASHVILI. It is my hope that we can. I believe strongly that we need to do things smarter and better and more efficiently if we are going to move forward getting more for every dollar that we spend. That has been the gist of my discussions with the Commission from the very beginning and I still believe that there are opportunities there.

Whether in fact they will be able to come up with these recommendations, I don't know yet. The results are supposed to go to me in May.

I will throw out one caution. There are very few changes that you can make that don't initially cost you some money to implement and so I imagine that here it will be the same, and we need to be prepared for that. I say that without any foreknowledge what they might recommend, but I know of very few instances where you can make significant changes without having some investment in that change.

Ms. HARMAN. I appreciate that. And I would like to suggest that as we think about increasing funding for programs that many of us care about we should also focus on saving money in ways that are prudent and proper. Thank you very much. I yield back.

The CHAIRMAN. The gentleman from Maine, Mr. Longley.

Mr. LONGLEY. I have a question, Mr. Secretary. I noted in your comments that you, and I value what you were saying in terms of respect for the people and the individuals and the value that they represent to the services over a period of time, and I also noted the comments relative to housing facilities and day care centers and child care centers and the great concern that exists in the Department, but I couldn't help but notice at the same time that you were acknowledging that procurement is now at an historic low and as you looked at the charts detailing the ages of the ships and the tanks and fighter aircraft, literally at each chart you said we need to do something here. We need to do something here.

A few minutes ago you referred to the fact that modernization is something that we have to look at in the outyears. I would like to offer a comment and if you have a response I would be interested in it. I am seeing a pattern, not just in this budget, but in the overall budget, where all the serious issues will be confronted in the outyears.

We are not going to deal with the deficit. We are going to postpone the deficit and run deficits indefinitely on a national level in the aggregate of Government spending, and a lot of the serious issues regarding procurement and modernization, it seems to be that we are pushing them back. Is this just my impression or is there some substance to what I appear to be seeing?

Secretary PERRY. Mr. Longley, in this budget we deal with current problems currently. We deal with the readiness issues now, with the quality-of-life issues now and those are issues which have a long-term impact on our defense capability.

On the procurement we made a choice. That is what putting the budget together is about, is making choices. And we chose for the last 2 years to keep that at a low level and to ramp it up in the outyears of the budget. The reason we can do that and still maintain a defense capability is because for a period of 4 or 5 years we can do that and still keep the average age of the equipment down because we are retiring older equipment from the force. But this year is the last year we can do that, and we have to start building that up again. So I have projected in this budget an increase in procurement every year from here on in.

The other thing we are doing, which is not deferring, but taking the costs right now, is bearing the costs of reducing the infrastructure. We have \$4 billion in this budget costs for closing bases. We have almost \$2 billion for retirement of personnel. But the drawdown in both bases and cost is almost over, so we will have

a substantial savings in future budgets. We are biting those bullets now.

Mr. LONGLEY. With all due respect, it seems to me it is nice and it is certainly in the best interests of our people that they have good facilities to live in and we have a good way of taking care of their children, but I think we have reached a point where family concern is going to be even greater in times of conflict as to whether they have the proper equipment that they need to survive.

I think in the interest of the families that that is an issue that the time is now that we need to address. I appreciate your comments. I am going to run off to vote. Thank you, Mr. Secretary.

The CHAIRMAN. We have a vote in progress. We can hear from Mr. Geren of Texas next.

Mr. GEREN. Thank you, Mr. Chairman. I would like to—I want to thank the panel very much for their testimony and their patience and hard work in keeping us briefed. On the subject of modernization I would like to ask you to talk for a couple of minutes about your plans in the tactical aircraft area.

Since the Bottom-Up Review came up based on the modernization plans and procurement plans, a lot of people wondered whether or not we were going to be able to maintain 20 wings and I would like to hear you talk about what the procurement plans are—first, reaffirm if it is appropriate, commitment to the 20 wings, if that is appropriate at the present time, and then talk about the procurement plans for the future for tactical aircraft considering two things: One, the industrial base and whether or not you think it is fitting to rely so heavily on the foreign military sales in order to maintain the tactical air industrial base and also project a little into the future on what types of procurement would be necessary and what the calendar would be for it in order to maintain the 20 wings.

Secretary PERRY. Thank you. That is a very important question. To start off I do reaffirm unwaveringly our commitment to 20 wings. Second, the budget supports those 20 wings and it supports them in the entire life cycle of this budget, in the entire span of this budget without allowing the average age of the aircraft to exceed the mid-life age of tactical aircraft so it keeps a relatively young force in those 20 wings. It is important not just to keep the numbers of aircraft, but to keep the numbers of aircraft at a sufficiently young age.

Third, it supports a rather expensive development program of the next generation of fighter aircraft, the F-22. All of that is in the budget and I think it is a robust program for tactical air. The industrial base required, then, to build these airplanes and to develop the next generation aircraft are implicit in these programs which we are supporting.

Tactical air, in fact, is one of the few areas where we don't have a special problem with the defense industrial base because of the number of aircraft we are buying and the number that we are developing. It is not a base which is as large as it was during the 1980's by a long shot, but is still, I think, a healthy industrial base for fighter aircraft.

The CHAIRMAN. We better break.

Mr. DORAN. I am willing to miss this vote because I have an important question. Could you turn the gavel over to me for 4 minutes and I will be as dignified as I can possibly muster, but I have one question involving the survival of the State of Israel.

The CHAIRMAN. We will let you loose.

Mr. GEREN. Mr. Chairman, I still had a little time left. I would like to do a follow-up question, but I don't know if there would be time for that to get over and vote, so if I could reserve the balance of my time—

Mr. DORAN. I will ask mine for the record.

The CHAIRMAN. Let's don't complicate the whole thing. We will vote and recess and come right back.

Mr. GEREN. Thank you.

[Recess.]

The CHAIRMAN. We are still listening to Mr. Pete Geren from the great State of Texas and Mr. Dornan has taken a leave of absence for a few minutes. When he gets back, we will yield to him.

Mr. GEREN. Would you expect, looking at the need you would have in order to maintain the 20 wings, do you expect in the near term the need to—do you expect that we will be in a position of having to go back in and start procuring aircraft to supply to those 20 wings in the near future?

Secretary PERRY. We are procuring, I think the number is something over 100 aircraft a year right now, but—and we will have to increase that number just to keep the average age of the aircraft down in the years ahead. We have two new aircraft, the F-22 and the Joint Advanced Strike Technology, the JAST.

Mr. GEREN. Where do you see things going with the JAST right now; what kind of a timetable? Do you think it is realistic to field that aircraft in the year 2010?

Secretary PERRY. I don't want to trust my memory giving you numbers. I will get back to you for the record on that.

[The information follows:]

JAST is currently on track. The program is scheduled to publish a Mission Needs Statement late in 1995 and a Joint Operational Requirements Document in 1998. A Milestone II decision with hand-off to an Engineering and Manufacturing Development program is scheduled for FY 2000. Providing that Congress continues full funding support, this schedule should permit delivery of aircraft by 2010.

#### POM 96-01 AIRCRAFT PROCUREMENT

Type	1996	1997	1998	1999	2000	2001	Total
<b>USAF:</b>							
B2 .....	0	0	0	0	0	0	0
C130J .....	4	4	4	4	4	4	24
C17 .....	8	TBD	TBD	TBD	TBD	TBD	TBD+8
JSTARS .....	2	2	2	2	2	3	13
JPATS .....	10	24	36	42	42	42	196
F22 .....	0	0	4	1	12	24	44
Total orders .....	285						
<b>Navy/Marines:</b>							
E2C .....	3	4	4	4	4	4	23
V22 .....			TBD	TBD	TBD	TBD	TBD
T45 .....	12	12	12	12	12	12	72
F/A-18C/D .....	12	0	0	0	0	0	12
F/A-18E/F .....	0	12	24	36	36	48	156
Total orders .....	TBD+263						

## POM 96-01 AIRCRAFT PROCUREMENT—Continued

Type	1996	1997	1998	1999	2000	2001	Total
<b>Total service fixed wing procurement:</b>							
All type .....	51	58	82	104	112	137	548
Trainers .....	22	36	48	54	54	54	268
Lift .....	12	TBD+4	TBD+4	TBD+4	TBD+4	TBD+4	TBD+32
Surveil .....	5	6	6	6	6	7	36
Bomber .....	0	0	0	0	0	0	0
Tacair .....	12	12	28	40	48	72	212

Secretary PERRY. We have that answer, but not in my head.

Mr. GEREN. I yield back, Mr. Chairman.

The CHAIRMAN. Mr. Hostettler from Indiana.

Mr. HOSTETTLER. Thank you, Mr. Chairman. I want to thank the panelists for spending so much of their valuable time here today. During a recent breakfast with the Secretary of the Army and the Chief of Staff, General Sullivan, General Sullivan related some historical information about dealing with national security in general and there was a sinusoidal curve that says whenever we reach the bottom of that curve, there is conflict and we have to increase the funding and increase the structure so we can meet that problem area.

I was just wondering, as a matter of policy would you not agree, Mr. Secretary, that the optimum view of maintaining a strong national defense would be to have a Congress that appropriates enough money and an administration that spends enough money so that without a doubt we could deliver a response with such certain and swift lethality that anyone considering such a primary move on us would take a long hard look at it before they would do so?

Secretary PERRY. I think that is the primary requirement for a defense capability. I think we meet that requirement. I think that was demonstrated clearly when we deployed our forces to Kuwait and Saudi Arabia last year.

Mr. HOSTETTLER. Exactly. The issue I have is one of the graphs in your presentation, defense outlays as a share of GDP. I think now we are spending less on national defense than we were in 1980 as a percent of GDP; is that correct?

Secretary PERRY. That is correct.

Mr. HOSTETTLER. At a time when we couldn't get some helicopters off the desert in Iran and shortly after that the Soviet Union went into Afghanistan. So my question is, we are looking at issues down the road and when we think about that sinusoidal curve where we reduce funding of our national security and then we get conflicts in various areas, and the recent move by Iraq and Saddam Hussein to test our readiness was one of those instances, and the same thing with North Korea.

You brought up that former Secretary Cheney says I am looking to the future. What is going to be happening with the Secretary of Defense 10 years down the road and I think that 10 years was extremely important to me personally because 10 years from now my only son will be 18 and have the opportunity to join the Armed Forces. So would you not agree that it would probably be better for us to have hearings at that time dealing with the fact that we may be spending too much on national security and not like we are

today, that there is a lot of concern from a lot of Members that we are spending too little on our national security as far as being at the top of that curve?

Wouldn't it be much better for us to be at the top of the curve and asking questions about spending too much instead of asking a lot of questions about spending too little?

Secretary PERRY. Without challenging General Sullivan's sinusoidal curves, I have to say that I don't think of our defense budget and defense needs in terms of broad terms. I see it in terms of what I think are the military requirements.

When the Soviet Union collapsed and when the Warsaw Pact collapsed we had a clear reduction in needs for military forces. We had over 300,000 troops in Europe at that time, for a very good reason. If anything, that could have been argued as being a minimal force there and now that force is down to about a 100,000 and yet I think we are comfortable with that. We have reduced the size of our nuclear force substantially and reduced the cost as a consequence of that. So there were objective reasons for bringing costs down.

I think it is crucial that we maintain not only a sufficient force structure in size that would respond to crises like we did last fall, but that they have very, very high elements of the readiness. I think we owe to this Congress a justification that the force structure and that the readiness is adequate and that the readiness is high. All I am seeking are the funds to achieve that objective irrespective of where that fund was relative to 5 years ago or 10 years ago.

The CHAIRMAN. The gentleman's time has expired.

Mr. Secretary, we promised you 3:30 and it is getting close to that time and we have to break for a vote.

Mr. PETERSON. Mr. Chairman, may I ask unanimous consent to submit questions for the record.

The CHAIRMAN. I was going to suggest that any Members who weren't here, if they would submit their questions for the record.

Secretary PERRY. I apologize that we have to leave and I will be happy to answer your questions for the record.

The CHAIRMAN. I didn't recognize Mr. Hamre earlier. Mr. Hamre is the Comptroller General at DOD and he has made a good contribution today to our hearing. Thank you very much, gentlemen.

[Whereupon, at 3:30 p.m., the committee was adjourned.]

[The following questions and answers were submitted for the record:]

Mr. PETERSON. Given the BUR two war scenario, are adequate loss factors used to ensure an adequate back-up force? I'm concerned about back-up availability of long lead trained personnel in everything from pilots to senior combat NCOs once hostilities begin.

Secretary PERRY. Yes, adequate loss factors have been incorporated into the force calculations for the BUR. Potential attrition to both personnel and equipment was considered in the DoD's analysis supporting the Bottom-Up Review. The Department factored in such losses in shaping the size and composition of our basic "building block" of forces required to fight and win each of two Major Regional Conflicts (MRCs). Because only selected forces are required to "swing" from one major conflict to another, attrition levels were not, in general, a major factor affecting capabilities for a second major conflict.

Mr. PETERSON. What is the predicted negative impact on readiness, modernization, and quality of life programs within DoD if we accept the deployment BMD priorities contained in H.R. 7.

**Secretary PERRY.** It is impossible to estimate without specifying the timing and scope of a deployment. However, there certainly would be a serious negative impact for every billion dollars diverted from the programs you mentioned to a use which is not justified by the missile threat to our nation.

**Mr. PETERSON.** To what extent do you think we stretch DoD dollars by entering into collective alliances, particularly those involving peacekeeping and peace-making?

**Secretary PERRY.** We strongly believe that multilateral peacekeeping is an important form of international burdensharing. UN peace operations can both reduce the burden on our armed forces and reduce our costs. Perhaps the best example of UN peacekeeping reducing costs to the United States is the pending transition of the U.S.-led Multinational Force (MNF) in Haiti to the United Nations Mission in Haiti. When this transition takes place at the end of March, the costs of the operation in Haiti will be shifted from the United States to the entire international community, reducing our expense by two-thirds, and reducing our troop contributions to some 2,500 of a total 6,000 troops.

There are many other instances where UN peace operations directly serve our interests at relatively modest expense. On the Golan Heights, for example, more than 1,000 U.N. troops—all of them non-Americans—ensure the observance of a cease-fire between Israel and Syria, keeping open the possibility for a breakthrough in Middle East peace negotiations. The annual cost to the United States: \$10 million. Along the Iraq-Kuwait border, a 1,200-person observer mission—only one-percent of whom are American—monitor Iraqi troop movements, demonstrating the world's continued resolve against the expansionist ambitions of Saddam Hussein. The annual cost to the United States: \$21.3 million. In Cyprus, 1,200 UN troops—all non-Americans—have successfully prevented a flareup of violence between two key NATO allies, and are a guarantee against the spread of tensions from the Aegean. The annual cost to the United States: \$14.3 million.

In all these cases, we believe that multilateral peace operations have served as "force multiplier," advancing U.S. interests while stretching DoD dollars.

**Mr. PETERSON.** Can you describe the extent to which we are committed to the "total force" concept, particularly as it applies to the modernization of the Guard and Reserve forces? I am concerned that we will leave those entities behind in modernization to the point where "seamless/transparent" augmentation is not possible in the event those forces are called up.

**Answer: Secretary Perry.**

DoD policy for equipping the Reserve Forces states the Reserve components (RCs) of each Military Department will be equipped to accomplish all assigned missions and will have an equipment procurement and distribution program that is balanced, responsive to mission requirements, and sustainable. The Department's long-range goal is to fill the wartime equipment requirements of the Reserve components in accordance with the Total Force Policy. The applicable DoD Directive specifically states that distribution of new and combat serviceable equipment, with associated support and test equipment, should be given to units scheduled to be deployed and/or employed first, irrespective of component—Reserve or Active.

FY 95 equipment redistribution is projected at \$8.4 billion for the following: AH-1 helicopters, 5 ton cargo trucks, HMMWVs, and communications equipment for the Army National Guard; the Army Reserve should receive AH-64 helicopters, communications equipment, and 2½ ton cargo trucks. The Navy Reserve should receive: one aircraft carrier, one command, two mine countermeasures ships, plus two landing ship tank (LST) ships. The Air Guard should receive B-1B bombers, F-16Cs, and a C-5A airlifter and the Air Force Reserve should get AC-130H gunships, C-141Bs, and C-130Hs.

An additional \$3.4 billion should be redistributed to the RC in FY 96 to include Bradley Fighting Vehicles, and UH-60A helicopters for the Army National Guard; M-16 rifles, communications, and rough terrain cranes for the Army Reserve; and F-5E and F-5F fighters for the Naval Reserve as well as one mine hunter coastal, mine countermeasure, and the mine countermeasures control ship for the mine countermeasures mission, as well as search and rescue helicopters. The Marine Corps Reserve should get a tactical air operations system. About 60% of the \$3.4 billion is projected to go to the Air National Guard in the way of KC-135R refueling aircraft, B-1B bombers, F-15A fighters, and C-130E airlifters. The Air Force Reserve is expected to receive MC-130E special operations aircraft, as well as OA-10A close air support and HC-130N refueling aircraft.

The Services have identified a little over \$1 billion in the FY 96 President's Budget for new RC equipment to include: \$320 million for modification programs for aircraft and other equipment (C-135, F-16, H-46, C-130, 155MM Howitzer are examples); \$220 million for missiles, bombs and ammunition; \$100 million for automation

projects (Reserve Component Automation System (RCAS) and base information infrastructure); \$100 million for portable communications (primarily SINCGARS radios); almost \$100 million for aviation support equipment; \$35 million for training devices; and about \$150 million for various other equipment.

We have evaluated the progress of Service plans through FY 1998 to improve on-hand readiness of combat essential equipment in each of the Reserve components. This evaluation is found in the "FY 1996 National Guard and Reserve Equipment Report" which was sent to the House National Security Committee Chairman and Ranking Democrat on February 14, 1995. I have attached a copy for your perusal. The 1,490 equipment items in the report valued at \$108 billion (FY 1996) represents approximately 87% of the dollar value of the combined RC inventory.

In short, the report shows that although equipment fill is gradually improving over time, there is a continuing shortfall in combat support and combat service support type equipment. (Redistribution cannot fix an RC shortfall in equipment the Active component is short of, such as combat support and combat service support in the Army). Furthermore, it assesses equipment compatibility between the Active and Reserve components; the assessments range from marginal to satisfactory and are of growing concern in the areas of logistical support of major weapon systems and communications.

The Office of the Assistant Secretary of Defense for Reserve Affairs is developing a more aggressive equipment strategy to ensure a synchronized DoD approach to improve the Department's long-range RC equipment goal. You can be sure, the Department is committed to the "Total Force" concept and is tracking the modernization of the Guard and Reserve forces. Your specific concern of "seamless/transparent" augmentation is shared and is being worked vigorously.

Mr. PETERSON. Is there a bomber gap? If so, what are the plans to correct the deficiency?

Secretary PERRY. I share your concern about ensuring the adequacy of our bomber force, but I can assure you that there is no bomber gap in the BUR force. General Shalikashvili, the combatant Commanders-in-Chief (CinCs) and I have carefully reviewed this issue and are in agreement that current and programmed bomber forces are adequate to meet the needs of our national security strategy. We are retaining portions of the B-1 bomber fleet in a "reconstitution reserve" beginning in FY 1996 to hedge against any inadequacy in the bomber force. These aircraft will continue to be flown by operational units through the end of the decade, but at a reduced rate. The aircraft in reconstitution reserve will be gradually returned to the fully active inventory as two events occur: the aircraft complete on-going upgrades to give them a precision munition capability; and new specialized conventional munitions are fielded. In combination, these developments will dramatically increase the bombers' contribution to our conventional warfighting capabilities.

#### FAST SEALIFT AND AIR CARGO CAPACITY

Mr. PETERSON. I believe one of the most important modernization programs DoD must address is that of fast sealift and adequate air cargo capacity to match needs to support the BUR. What is the DoD time line to ensure availability of this equipment?

Secretary PERRY. The defense program provides the fast sealift and airlift needed to support the BUR. The Large, Medium-Speed Roll-On/Roll-Off (LMSR) program includes \$2.5 billion in ship construction funds and is expected to be completed by FY 2001. The number of roll-on/roll-off (RO/RO) vessels in the Ready Reserve Force (RRF) is being expanded from 29 to 36 to meet sealift expansion goals. Two additional ships were acquired for the RRF in FY 1995, and funds for two more vessels are included in the FY 1996 budget request. We plan to acquire the remaining three RO/ROs during FY 1997-98.

Currently, production of the C-17 transport—the planned successor to the C-141—remains limited to 40 aircraft while the Department monitors the progress of the prime contractor in correcting technical problems and improving cost and schedule performance. Simultaneously, the Department is conducting a competition for a nondevelopmental airlift aircraft (NDAA) to complement the fleet of C-17s. A review by the Defense Acquisition Board in November 1995 will decide the mix of C-17 and NDAA that the Department will purchase. To some extent, the mix of aircraft selected will determine the rate at which we add capacity to replace the C-141 fleet.

Mr. PETERSON. What is the DoD position on reduction of civilians in the National Guard?

Secretary PERRY. Military technicians are a critical element of the full-time support for the training and readiness of our Reserve component units.

I have requested the development of a plan that would provide alternatives to the programmed military technician reductions. A detailed analysis by the Army and Air Force is ongoing to align military technicians with military force structure.

#### FUTURE INDUSTRIAL BASE

**Mr. PETERSON.** Are you confident we have funded tank procurement programs sufficiently to ensure an adequate future industrial base?

Secretary PERRY. Tank procurement funding supports only a portion of the industrial infrastructure which provides capabilities to satisfy the large range of combat tracked vehicles in our forces planned for the future. The Department plans a number of programs; Abrams main battle tank upgrade, Heavy Assault Bridge, Improved Recovery Vehicle, Breacher, Armored Gun System, Bradley Fighting Vehicle System, Bradley Fire Support Team vehicle, Command/Control Vehicle, Multiple Launch Rocket System, M109 self-propelled howitzer family of vehicles, and the Field Artillery Ammunition Support Vehicle. We believe these programs will sustain adequate industrial capabilities to meet future combat tracked vehicle requirements. The Department is conducting an assessment of the combat tracked vehicle sector which we will submit to the Congress this Spring. This report will analyze the adequacy of our industrial capabilities in this important segment of the industrial base.

#### SIZE OF BRAC 95

**Mr. ORTIZ.** Mr. Secretary, in the past you have emphasized the importance of lowering DoD's infrastructure costs through base realignments and closures. Yet the Administration included less money for the upfront costs of the 1995 BRAC round than was required for the 1988 round—the smallest one held to date under the process.

What size of a base closure round are you anticipating?

Secretary PERRY. BRAC 95 may not be as large as BRAC 93, not because we don't need to close more bases to lower DoD's infrastructure, but simply because in the three previous rounds we closed all of the bases that were relatively easy to close. Everything we do from now on is very difficult.

#### SIGNIFICANT SAVINGS EXPECTED FROM BRAC 95?

**Mr. ORTIZ.** If the size of the 1995 round is smaller than anticipated, why has the Administration changed its goals for the upcoming BRAC round?

Secretary PERRY. For BRAC 95, our goal is to further reduce the overall DoD domestic base structure through the elimination of unnecessary infrastructure. However, we must preserve readiness while accomplishing our goal. I fully intend to manage this process responsibly. If closures beyond the amount we can reasonably accomplish in BRAC 95 are indicated, I will seek authority for future rounds.

**Mr. ORTIZ.** Does your new defense budget assume significant savings from closing facilities in the 1995 round?

Secretary PERRY. The FY 96 budget projects overall savings for the BRAC 95 round of \$1.8B per year once the closures are implemented. This is a planning estimate, developed without benefit of the 1995 list, that will be significantly refined once the Department's recommendations are approved by the Commission, the President, and the Congress.

#### HAS DOD UNDERSTATED BRAC COSTS AND OVERSTATED ANNUAL SAVINGS?

**Mr. ORTIZ.** Also, during testimony before the Committee last month the GAO and CBO indicated that one of the significant causes for the alleged DoD funding shortfall is the understated cost associated with the planned fourth round of base closures scheduled for this year. CBO has estimated that the Department has underestimated the cost of the upcoming round by \$12 billion and GAO says the costs are underestimated by \$8 billion.

What would be your response to concerns that DoD has understated the cost of closing bases and overstated the annual savings from reduced infrastructure?

Secretary PERRY. In previous rounds, I acknowledge that some costs and savings line items have changed when comparing initial and current budget estimates. However, overall, our budget estimates have remained stable, and we still expect to save \$3.1B during implementation of the three previous rounds, and save \$4.2B annually (in FY 96 constant dollars), thereafter.

### IMPACT ON READINESS OF MISCALCULATIONS IN BRAC SAVINGS

**Mr. TEJEDA.** Given that the Department is counting heavily on infrastructure reductions and the subsequent expected savings to finance future equipment modernization plans, what is the impact on the Department's plans for this round of base closures and what is the impact on current and future readiness of any miscalculation in the savings from base closing?

**Secretary PERRY.** For BRAC 95, excluding environmental costs and revenues from land sales, we expect to save \$4 billion by the end of the six year implementation and annual recurring savings of \$1.8 billion. If the level of savings for BRAC 95, or any other BRAC round, is not achieved, our modernization program may be negatively impacted.

### BRAC SAVINGS

**Mr. ORTIZ.** And what do you believe is a realistic estimate of annual base closure savings during the next 5 years?

**Secretary PERRY.** In the next five years (FY 96-FY 99), we anticipate cumulative net savings for the first three rounds of \$14.8B.

### COMPARE ESTIMATED AND ACTUAL BRAC COSTS AND SAVINGS?

**Mr. ORTIZ.** With three base closing rounds behind us, how have the estimated savings from base closure compared with actual savings or costs?

**Secretary PERRY.** While decisions on the first three BRAC rounds are behind us, the costs and savings associated with implementation of those rounds are accumulating, and will continue to accumulate in the future.

In comparing our initial estimates with the FY 95 DoD BRAC budget estimates, we found that some of the expected costs and savings line items have changed. We have tended to overestimate military construction costs (\$1.6B) and revenues from the sale of land (\$2.9B), and underestimate environmental costs (\$1.0B). However, overall, our budget estimates have remained stable due to other minor line item adjustments. In addition, we still expect to save \$3.1B during implementation of the first three rounds, and save \$4.2B annually (FY 96 constant dollars), thereafter.

### SAVING MONEY OR SHIFTING ASSETS?

**Mr. ORTIZ.** There have been some press reports that facilities that have been closed through the BRAC process are still operating and that outright closures have produced greater savings than major realignments. What steps is the Department taking to ensure that we are actually saving money rather than just shifting assets?

**Secretary PERRY.** The Department is saving money. When all three previous BRAC rounds have been fully implemented, DoD will save \$4.2B annually. In terms of 20 year net present value, the Department will save in excess of \$38B, exclusive of environmental cleanup costs which would be incurred by DoD regardless of whether or not we closed the base.

We are closing bases faster and beginning reuse quicker than every before. The Commission's recommendation have the force of law and are being implemented accordingly. The active duty mission at closing bases is either no longer needed or is being relocated to an enduring base. Often, a reserve component will remain at a closing base because it needs to be located in the vicinity of the reservists' commuting area and it is more economical to leave the unit in place. Before we make the base available to the local community for reuse, the Department examines its reserve component requirements in the area and may elect to relocate other reserve component requirements in the area and may elect to relocate other reserve units from more costly locations, such as leased space, onto the closing base. This results in retention of a portion of the closing base for reserve components, but it also saves the taxpayer money.

### PLANS FOR JOINTNESS DURING BRAC 95

**Mr. ORTIZ.** In what areas do you expect the Department to make the most aggressive steps to close bases?

**Secretary PERRY.** In BRAC 95, we are placing strong emphasis on cross-service use of common support assets and have established five joint cross-service analytical groups in areas with significant interservice potential. In addition, we have increased oversight of the analytical process in a number of ways. We have also taken a new look at how best to factor economic impact considerations into the selection process, including cumulative economic impact considerations.

**Mr. ORTIZ.** How important a role will future plans for jointness play during the 95 Base Closure round?

**Secretary PERRY.** The potential for cross-service use of common support assets is being emphasized in BRAC 95 as we look for further opportunities to lower infrastructure costs.

#### QUALITY OF LIFE: FAMILY HOUSING AND BARRACKS

**Mr. ORTIZ.** Mr. Secretary, I am pleased to see that the military construction budget focuses on quality of life programs and family housing. I just have a few questions in light of the budget submission.

At the current rate, how long will it take to modernize Family Housing and Barracks in the CONUS and overseas?

**Secretary PERRY.** The Army will require 46 years to modernize family housing and 23 years to modernize barracks in CONUS; overseas it will take 184 years for family housing and 15 years for barracks. The Navy will require 10 years to modernize family housing both in CONUS and overseas. The Marine Corps will require 15 years to modernize family housing both in CONUS and overseas and 41 years to modernize the barracks in CONUS.<sup>1</sup> The Air Force will require 25 years in CONUS and 35 years overseas to modernize family housing; 10 years to modernize the barracks both in CONUS and overseas.

#### DOD HOUSING REQUIREMENTS AND INITIATIVES

**Mr. ORTIZ.** It is my understanding that with regard to the initiative to upgrade housing for both unaccompanied and married personnel we are looking at the need for a long-term commitment. Can you address future requirements or initiatives with regard to these areas?

**Secretary PERRY.** The Army needs to replace 61,000 barracks spaces, to renovate 8,500 spaces and to add 16,500 new spaces for deficit reductions. The Army also needs to attain a 25-year worldwide family housing plant replacement cycle (at \$450 million per year in constant FY 96 dollars) since replacement versus renovation is determined by economic analysis at the time of project execution. The Navy need to renovate or replace 42,000 family houses, and to acquire 14,700 new houses to resolve deficits. The Marine Corps needs 15,209 new barrack spaces to resolve deficits and 1,561 replacement spaces. Additionally, the Marine Corps needs to renovate and replace 8,551 family houses and add 7,744 houses to resolve deficits. The Air Force needs 11,350 renovated and 16,350 replacement barrack spaces and 17,550 new spaces for deficit reductions. The Air Force also needs to renovate and replace 60,000 family housing units and add 27,000 housing units to resolve deficits.

The Army's Whole Barracks Renewal (WBRP) program is their approach to constructing single soldier communities of excellence. The program is an ongoing initiative to provide funding and design guidance for modernization and new construction of barracks in the U.S. It is a long-term commitment by the Army to improve the quality of life for the single soldier. The Army's Whole Neighborhood Revitalization (WNR) program revitalizes and replaces family housing based on economic analyses and cost effectiveness, and reduces inventory where that is appropriate. Energy conservation is an element of all WNR projects, and historic preservation is maintained in accordance with Department of Interior standards. Increasingly, the Army is using the "Turnkey" contracting method as a single procurement action to obtain quarters comparable to that being built in the local community.

The Navy is aggressively addressing family housing shortages through enhanced housing referral services; the Limited Partnership Program authorized by Congress in Fiscal Year 1995 and other public/private initiatives; and a limited amount of military construction consistent with a reduced force structure.

In June 1994, the Commandant of the Marine Corps signed the Bachelor Housing Campaign Plan to eliminate the revitalization backlog and reduce the deficit; a Family Housing Campaign Plan addresses comparable objectives.

The Air Force proposes to expand to all Services the Navy's authority in 10 U.S.C. 2837 to invest in limited partnerships for developing private housing. The Air Force also proposes to revive the Capehart Housing Act (42 U.S.C. 1748b and 12 U.S.C. 1748b) to revitalize or replace DoD housing.

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<sup>1</sup>The Japanese Facility Improvement Program (JFIP) funds the modernization of Marine Corps barracks overseas.

## SITE SELECTION FOR FAMILY HOUSING CONSTRUCTION

Mr. ORTIZ. How were the sites selected for construction of family housing? What criteria was used?

Secretary PERRY. Many houses require replacement or major investment because they fall short of basic standards and the houses and infrastructure are deteriorated or worn out. Two thirds of our housing is over 30 years old, and there is an emphasis on aging units which have never been upgraded. We only build family housing at locations where there is not enough off-base housing available and suitable by these minimum criteria: (1) within 60 minutes commute, (2) rent and utilities less than VHA plus 150% BAQ, (3) meets minimum net square footage requirements, (4) proper number of bedrooms, and (5) meets basic health and safety requirements.

Mr. ORTIZ. As the former chairman of the Panel on Morale, Welfare, and Recreation I had a great deal of interest in the adequate funding for quality of life programs falling in this category. As a matter of fact, I spearheaded an effort last year to increase funding for the Defense Commissary Agency (DeCA) because I did not feel that it was adequately funded to meet its mission. The summary of your budget indicates that this budget protects your commissary benefit. Could you elaborate on that point at all?

Secretary PERRY. Primary focus of our Administration is on quality of life programs, of which the commissary system is an integral component. Commissaries are one of the highest rated benefits in our quality of life surveys. The Department budget was built to maintain the value of the benefit to Service members and their families, and to maximize cost effectiveness as well. With families stationed around the world, we continue to place a strong emphasis on providing affordable groceries wherever these people may live.

## DEPOT MAINTENANCE

Mr. ORTIZ. I continue to have a strong concern about depot maintenance. Can you give me an idea of what funding levels we can expect for depot-level maintenance in FY96 and how that impacts the current backlog?

Secretary PERRY. The Department has been closely monitoring depot maintenance funding levels as part of an overall emphasis on readiness. Specific funding levels for FY 1996 will be provided as part of the President's Budget. However, during the Department's FY 1996 Budget Review, depot maintenance funding was closely examined. The result of this examination was some reallocation of resources to increase depot maintenance funding for FY 1996 where excessive backlogs were anticipated. The Department will continue to focus on readiness as a top priority and depot maintenance backlogs will not be allowed to increase beyond manageable levels.

Mr. ORTIZ. Mr. Secretary, I am pleased to see that the military construction budget focuses on quality of life programs and family housing. I just have a few questions in light of the budget submission.

At the current rate, how long will it take to modernize Family Housing and Barracks in the CONUS and overseas?

Secretary PERRY. At the current rate it will take about 10 years to eliminate the Navy family housing revitalization backlog of \$2.62 billion, both in CONUS and overseas areas: At the rate of MilCon investment currently planned for Navy Barracks from FY 1996-2001, it will take approximately 48 years to eliminate the existing backlog of MilCon scope modernization or replacement projects for existing barracks currently in substandard or inadequate facility condition. This is based on the Navy's current revitalization backlog of \$1.55 billion.

Total barracks investment (modernization, replacement, and new construction) is proposed to increase from \$39 million in FY 1996 to \$149 million in FY 1997. Also, the Navy budget request sustains an increase of over 60 percent in barracks real property maintenance initiated in FY 1994 to full fund day-to-day maintenance and repair and eventually eliminate critical repair deficiencies, including major whole-building repairs.

Mr. ORTIZ. It is my understanding that with regard to the initiative to upgrade housing for both unaccompanied and married personnel we are looking at a long-term commitment. Can you address future requirements or initiatives with regard to these areas?

Secretary PERRY. The Navy has a projected family housing shortfall of 14,700 homes. Our revitalization backlog, which includes homes identified for replacement or major improvements and renovations, is estimated at \$2.6 billion. About 42,000 or 57 percent of our homes, averaging 34 years of age, are severely deteriorated and need replacement or major renovation to bring them up to the Navy's Neighborhoods of Excellence standards. The Navy has included funding in the Fiscal Year

1996 and 1997 budget requests, and outyears to eliminate the backlog by the year 2005.

Lack of affordable community housing, particularly for junior enlisted families, is a primary reason for our housing shortfall. The Navy is aggressively addressing family housing shortages through enhanced housing referral services; the Limited Partnership Program authorized by Congress in Fiscal Year 1995 and other public/private initiatives; and a limited amount of military construction consistent with a reduced force structure.

Upgrading the Navy's existing barracks will be a long-term effort. Future requirements are addressed in the table below.

A major initiative currently under review by DoD is a new construction standard, which would provide increased space and privacy for junior enlisted personnel. This is a necessary upgrade over the current DoD barracks standard and will be a significant improvement in sailor's privacy and quality of life.

To upgrade existing facilities that are in substandard or inadequate facility condition, the following investment is required. Also listed is the investment necessary to eliminate the projected FY1999 barracks room deficit.

#### FUTURE REQUIREMENTS—BARRACKS

	New (deficit)	New (replace)	Renovation
Navy (MilCon) .....	\$2.08B	\$520M	\$1.03B
Navy (O&M) .....	0	0	510M

A significant portion of the Navy's effort in existing barracks will be accomplished by major repairs funded through the operations and maintenance account. The above figures have been adjusted for reduced requirements resulting from base closure decisions from the 1988, 1991, and 1993 rounds.

Mr. ORTIZ. How were sites selected for construction of family housing. What criteria was used?

Secretary PERRY. Many units require replacement or major investment because they fall short of basic standards and the units and infrastructure are deteriorated and worn out. Availability of suitable off-base housing is a determining factor; criteria for determining off-base housing suitability are: (1) Within 60 minutes commute, (2) rent and utilities less than 150% BAQ plus VHA, (3) meets minimum net square footage requirements, (4) proper number of bedrooms, and (5) meets basic health and safety requirements.

Mr. DORAN. This current raise still does not keep pace with inflation or civilian sector pay. How can such modest pay raises be sufficient to preserve morale and readiness when troops discover that their buying power will actually decrease under this plan? Is there any consideration for increasing pay beyond these levels to address the "military pay gap"?

Secretary PERRY. Although recent and planned pay raises do not match private-sector pay, as measured by the Employment Cost Index (ECI), they have kept pace with inflation as measured by the Consumer Price Index (CPI). The pay raise for Fiscal Year 1995 was 2.6 percent, whereas the most-recently announced increase in the CPI for the 12 month period ending in January 1995 was 2.8 percent. But while we are doing well against the CPI, we have long recognized the importance of remaining roughly aligned with the ECI; therefore, the President's December 1994 announcement of a plan to fund military pay raises at a level more consistent with changes in the ECI is welcome news. In addition, the Department recently has adopted a package of Quality-of-Life initiatives that are intended to complement our compensation and retention programs; they will provide to those in uniform, and their families, a range of improvements in housing, cost-of-living and housing allowances, and community support programs such as expanded child care. The Department continues to monitor existing retention trends; thus far the pattern has been generally favorable, but we remain attentive to the existing gap between changes in military pay and shifts in the ECI.

#### EFFECT OF HIGH OPERATING TEMPOS ON PERSONNEL

Mr. DORAN. One of the Quality of Life objectives that DoD has set out for FY 96 is to "maintain the Department standards for length of deployment."

a. What are those standards? Are they consistent across the Services? How does DoD measure them?

b. How, specifically, will DoD achieve this goal in FY 96?

c. Given that many of the deployment standards were developed prior to the end of the Cold War, does DoD believe that the current standards are adequate and relevant to today's requirements? If not, what is being done to change them?

General SHALIKASHVILI. Whenever we deploy personnel in support of contingency operations we plan to not keep people away from home for more than 179 days at a time. This standard applies to all Services and each Service's personnel command tracks the time people are deployed to ensure the standard is not exceeded. This does not mean that when it makes sense we do not deploy service members for longer periods; only that it is very infrequent and the Service Secretary must grant exceptions in each case. This level of interest and visibility has served us well and we have been very successful taking care of the troops here.

We expect to continue this long-standing policy in fiscal year 1996. We will examine each operation and establish a rotation plan within each Service to ensure the troops are not away for greater than 179 days unless specific operational reasons force a compromise.

Even though these standards were developed before the end of the Cold War they continue to serve us well in today's environment. As expected, planning has become more difficult considering the smaller force, fewer service members overseas and the pace of contingency operations. Nonetheless, we believe the standards are adequate to the task and we will continue to plan to them. We are committed to protecting and ever-improving the quality and professionalism of today's service member. A key tenet of this commitment involves the protection of each service members' quality of life.

Mr. DORNAN. The FY 96 DoD budget request gives quality of life initiatives a high priority. What led the Department to conclude that such a priority was required?

Secretary PERRY. Yes, quality of life is always a high priority for the Department. Declining quality of life was reported as a top concern by the CINCs during the program review last summer. Recently, quality of life has been affected by both the changing mission of the Armed Forces and its drawdown. The increase in deployments has resulted in extended periods of family separation, as well as a corresponding increase in stress levels for both military families and single Service members. In addition, Defense downsizing has caused some career uncertainty among personnel; this has also contributed to rising stress levels within families. In concert with this newly stressful environment, we noted an increase of incidents of domestic violence.

Mr. DORNAN. Were there any troubling or disturbing indications that suggested such an emphasis was necessary this year?

Secretary PERRY. As I mentioned, the increased rates of spouse abuse, overall upheaval, as well as a general "perception" by Service members and their families that quality of life and valued military benefits were being eroded, were the factors which led to this year's emphasis.

Mr. DORNAN. The DoD budget lists several initiatives to enhance quality of life such as a pay raise, new or renovated living spaces for members, additional child care spaces and new recreation centers, chapels and fitness centers. Explain the decision-making process for determining what initiatives are necessary to enhance quality of life. Through what process are soldier/sailor wants and needs identified?

Secretary PERRY. Military personnel and their families are able to voice their concerns through various channels. These methods include surveys, interviews, and one-on-one communication with Defense officials during field visits, etc. Service members with families view the care of their children to be a high priority, while younger, single personnel consistently indicated that fitness and recreation programs were a valuable community resource. In addition, pay is a very high priority. Pay and housing allowances contribute directly to Service members' standard of living. Due to this, the Department places special emphasis on pay and improved housing. Among the numerous other issues and programs that are considered a part of quality of life, we targeted these particular areas as the most significant contributors to Service member and family satisfaction with life in the military, which in turn would positively affect readiness, recruitment and retention.

Mr. DORNAN. The President's budget calls for full pay raises, as allowed by current law, through 2001. These "full" pay raises are in fact half of a percent less than what the Employment Cost Index (ECI) would require for military personnel. This decrement to the ECI dictated pay raise results only from the legislative link (Federal Employees Pay Comparability Act of 1990) to the civilian pay increase mechanism and has nothing to do with the determination of the proper pay level for our military personnel.

Accordingly, even with the "full" pay raises included in the budget, military personnel will continue to lose ground with inflation. The current 12.8 percent gap with

the ECI will continue to grow under the current budget proposal to 15 percent in 1999.

Secretary Perry, how can the pay raises proposed in the budget be sufficient to preserve morale and readiness when it systematically allows individual buying power to erode over time? Did the Department consider de-linking the military pay raise from the law controlling civilian pay increases? Was there any consideration for increasing pay beyond the ECI level to close the gap?

Secretary PERRY. Although recent and planned pay raises do not match private-sector pay, as measured by the Employment Cost Index (ECI), they have kept pace with inflation as measured by the Consumer Price Index (CPI). The pay raise for Fiscal Year 1995 was 2.6 percent, whereas the most-recently announced increase in the CPI for the 12 month period ending in January 1995 was 2.8 percent. But while we are doing well against the CPI, we have long recognized the importance of remaining roughly aligned with the ECI; therefore, the President's December 1994 announcement of a plan to fund military pay raises at a level more consistent with changes in the ECI is welcome news. In addition, the Department recently has adopted a package of Quality-of-Life initiatives that are intended to complement our compensation and retention programs; they will provide to those in uniform, and their families, a range of improvements in housing, cost-of-living and housing allowances, and community support programs such as expanded child care. The Department continues to monitor existing retention trends; thus far the pattern has been generally favorable, but we remain attentive to the existing gap between changes in military pay and shifts in the ECI. While it is difficult to measure changes in military or civilian pay against any single index, the Department and the Congress have long held that the ECI is quite relevant; therefore, we have no current plan to de-link either segment of our force—military or civilian—from that benchmark. We would continue to employ it as a reasonable baseline for evaluating future raises.

#### PAY RAISE

**Mr. DORAN.** General Shalikashvili, how do you believe morale will be affected when service members understand that the "full" pay raises they are projected to receive will actually result in widening the pay gap with their contemporaries in the private sector?

General SHALIKASHVILI. As you know, a full pay raise, under the law, holds the annual pay raise to the Employment Cost Index annual growth minus one-half percent. So the pay gap you speak of, does grow each year as we search for solutions. I must also point out that the current pay raise is a significant improvement over the pay raises that had been budgeted for the past several years. For the near term, the aggressive quality of life initiatives Secretary Perry and I have undertaken attack morale concerns by demonstrating to the troops our commitment to provide them with an acceptable standard of living across the board (pay, allowances, housing, and other benefits). So, we are making progress, one step at a time, and I believe our service members realize that.

#### ARMY UNDERMANNING OF ACTIVE FORCE STRUCTURE

**Mr. DORAN.** General Shalikashvili, can you give us some idea of the level of [active force structure] undermanning included in the Army budget for 1996? Are any of the other services affected in the same manner?

General SHALIKASHVILI. The Army undermanning of its force structure—not its total strength—in FY 1996 is estimated at approximately 6,000 spaces on average during the year (out of 445,000 spaces). At end year (30 September) the figures are 2,600 unmanned spaces (out of 435,000 total). On average, 98.6% of the force structure is expected to be manned, while at year end 99.4% of the structure spaces are estimated to be filled with trained personnel. Although undermanning is always an issue of concern, the projected manning for FY 96 will still permit the Army to accomplish its assigned and essential missions.

**Mr. DORAN.** Secretary Perry, can you give us an assessment as to what extent hollowness and tiered readiness is built into this and future budgets? Can you give us any reason as to why we should be comfortable with such strategies?

ANSWER. I assure you that we will plan sufficient resources in future budgets to keep our forces ready to fight. For Fiscal Year 1996, the Chairman, the Chiefs, and I all agree that there are sufficient funds to keep our force ready as long as we receive timely supplemental appropriations for unplanned contingency operations. For the years beyond this, we will provide similarly sufficient funds to ensure readiness. Such readiness will involve, as it always has, prudent setting of priorities (or "tiering") in allocating our resources. We will keep our "first-to-fight" unit at high

levels of readiness, while maintaining the rest of our units with readiness sufficient to carry out their roles in our security strategy.

#### 802 RENTAL GUARANTEE PROGRAM

**Mr. ABERCROMBIE.** I ask that you provide this committee with an assessment of the viability of extending this program, especially with regard to high cost-of-living areas and the possible solutions for overcoming the scoring technicalities associated with the requirements of the Budget Enforcement Act of 1990.

Secretary PERRY. The existing 802 program presents several difficulties.

1. The requirement to include "a statement that the obligation of the United States to make payments under the agreement in any fiscal year is subject to appropriations being provided specifically for that fiscal year and specifically for that project" makes a project difficult to finance and cost prohibitive.

2. In high cost areas, the 802 cannot be done without the government contributing the land. The cost of operating, maintaining, and covering the debt service can sometimes makes the project marginal.

We are currently studying the use of capital venture proposals and will be able to fully address your question by the end of April. We expect to recommend some changes to existing legislation or submit new draft legislation for your consideration.

#### FUNDING FOR BRAC ENVIRONMENTAL REQUIREMENTS

**Mr. TEJEDA.** Does the Department of Defense have a good account of the total environmental costs involved with cleaning up all of the bases slated for closure and those proposed for closure in 1995? Has the Department noticed if its estimated clean-up costs since 1988 have proven too low, too high, or about right?

Secretary PERRY. For the previous base closure rounds (1988, 1991, and 1993), we feel confident that there are sufficient funds in the Base Closure Account budget request to fulfill our current environmental requirements. Because the list of installations to be nominated for the FY 1995 round of base realignments and closures was not known when the FY 1996 President's budget request was submitted, environmental restoration costs for these bases are budgeted in the Environmental Restoration, Defense account (DERA). While funds have been budgeted in DERA to meet legal agreements, environmental restoration requirements are likely to change for installations that are designated for closure. At a minimum, requirements change to accommodate reuse plans and schedules. The Department has not budgeted for any such changes.

For the first two rounds of closure (the 1988 and 1991 rounds), DoD underestimated the total requirements during the first year's budget request. We corrected this problem before the third round and feel confident that the FT96 budget request is sufficient.

**Mr. TEJEDA.** You have stated that the 1995 round of base closures will be smaller than originally anticipated because of fiscal realities. You also mention in the budget that the civilian workforce will continue its sharp decline to 729,000 in FY 2001. If we are going to keep open more bases than originally planned, how will this affect the civilian personnel reductions at the remaining bases?

Answer. The Department does not expect to change its civilian drawdown estimates as a result of reduced base closure activity. Base closure is just one of several DoD strategies used to achieve civilian reductions. Other strategies include outsourcing at less cost, functional consolidations, and implementation of better business practices. Increased utilization of alternative strategies may be necessary to offset any notional reductions in manpower plans that do not materialize as a result of base closure.

#### ON BRAC JOINT CROSS-SERVICING—NOW AND BEYOND

**Mr. TEJEDA.** I am also interested in the Department's decisions on cross-service opportunities in areas such as depots and laboratories. Without specific references to individual bases, can you discuss how much weight the joint cross-service working groups recommendations will carry or are you finding that the services are too protective of their turf?

Secretary PERRY. I can assure you that the alternatives suggested by the joint cross-service groups were carefully reviewed and considered by the Military Department. Ultimately, the Military Departments are responsible for the recommendations forwarded to me. Differences in recommendations were resolved based on the specific nature of those differences, not turf battles.

**Mr. TEJEDA.** Also, will such cross-service opportunities still exist after the 1995 base closure round, or is this concept a one-shot deal?

**Secretary PERRY.** Until the BRAC 95 process is completed, including the Commission's recommendations and the President's decision, we are not in a good position to assess post-BRAC 95 cross-servicing opportunities. However, when the dust clears from BRAC 95, if I determine that more closures and realignments are needed I will seek authority for additional BRAC rounds. Some further cross-servicing may also be possible outside of the BRAC process.

#### DEPOT MAINTENANCE

**Mr. TEJEDA.** The Department just announced that depot workload for the B-2 will be split between Northrup and Tinker AFB. Is the Department looking at the private sector for depot maintenance on other newly produced Air Force or Navy aircraft programs, such as the C-17 for example?

**Secretary PERRY.** The Department continuously seeks the most beneficial methods for capturing the best of capabilities of both the public and private sector maintenance depots. During the current downsizing transition, the challenge of sizing the Department's maintenance infrastructure to best support emergency and contingency scenarios with the required levels of weapon systems readiness is now greater than ever. The public and private sector depots are critical to our industrial base, and we strive to maintain the delicate balance between retaining a viable industrial base and efficiently managing the public sector workload. We will analyze each weapon system independently to assess the options for depot maintenance support and obtain that support which best meets our goal of providing the most cost effective and efficient depot maintenance support possible. This certainly applies to the C-17 as well as our other weapon systems.

#### FUNDING AND PRIORITY OF CHEMICAL-BILOGICAL DEFENSE PROGRAM

**Mr. BROWDER.** Mr. Secretary and General Shalikashvili, are you satisfied with the funding level and priority of the chemical-biological defense program? What measures have been taken to increase oversight and insure coordination among the military services? What is your assessment of the readiness of U.S. forces in this area?

**Secretary PERRY.** Yes, I am satisfied with the overall funding level and priority of the DoD chemical-biological defense program. Within an era of declining funding for DoD, funding for this overall program remains balanced. Our FY 96 budget request includes approximately \$243 million for RDT&E for both nonmedical and medical chemical/biological defense; and approximately \$140 million for procurement of new/improved NBC defense equipment. The chemical/biological defense program supports one of my highest priorities, Counterproliferation.

We have taken a number of measures to improve coordination and integration among the military services. A Joint Service Agreement was implemented in August 1994, and provides the mechanism for coordination and integration of all the military department's CB defense requirements, doctrine, training and acquisition programs. In addition, I have appointed a single focal point within OSD, the Assistant to the Secretary of Defense for Atomic Energy (AE), Dr. Harold Smith. The program is also undergoing Defense Acquisition Board reviews. The Biological Defense Program was reviewed in Feb 1994, and is scheduled for review in April 1995. These reviews require joint service coordination and integration. Funding for acquisition programs was consolidated into separate funding lines under the direction of ATSD (AE), via a jointly coordinated program development process. There are also a number of ongoing initiatives to further improve the program: (1) emphasis of Joint RDT&E programs with the goal of minimizing Service unique programs; (2) establishment of Joint Requirements Documents focusing on common needs between the Services, and (3) an initiative to reduce the number of chemical detector technology programs to leverage available funds on the most promising technologies.

The June 1994, Department of Defense, Nuclear, Biological, Chemical (NBC) Warfare Defense, Annual Report to Congress, highlighted our assessments in a number of areas. Our current assessment remains that the Army, Navy, Air Force, and Marine Corps have both Joint and Service unique programs in place to adequately equip servicemen and women to accomplish their missions in an NBC environment. US chemical defense equipment (CDE) compares favorably to anything fielded by our allies and adversaries. Current CDE will allow soldiers to survive and continue their mission on the contaminated battlefield. The United States can fight and win in a chemically contaminated environment. Opportunities for improvement and corrections of shortcomings exist and are resourced in the FY 96 budget request.

## PROGRESS ON ACQUISITION OF BIOLOGICAL DEFENSE VACCINES

Mr. BROWDER. Both former Secretary of Defense Cheney and General Shalikashvili identified biological defense as a critical priority. What progress has been made in addressing requirements for biological vaccines and antitoxins for use by the military services?

Secretary PERRY. Stockpiles of many biological defense (BD) vaccines, and particularly those against anthrax have been enlarged significantly and we are working towards a long-term solution to the BD vaccine acquisition issue.

The Joint Program Office for Biological Defense (JPO-BD) was formed in part to manage acquisition of biological defense vaccines. Initial efforts were directed towards building a dedicated DoD facility for this purpose. However, analyses of economic considerations and current manufacturing efforts demonstrated that the most cost effective approach was to develop a prime contractor approach for managing the production, testing, storage, and distribution of these products. A draft Request for Proposal has been issued for comment by interested parties.

Significant efforts are being directed towards approval and licensure of all vaccines and antitoxins by the Food and Drug Administration. This process is time consuming and has an element of risk insofar as demonstrating the efficacy of these products in humans cannot be accomplished because of ethical considerations.

Current efforts are also being directed at developing basic policy on issues such as annual immunization of US forces and on stockpile levels. Because of the time required to producing FDA licensed vaccines and for adequately protecting US forces against high threat biological warfare agents, developing policy on these issues is critical to US military readiness.

#### DECLINE IN THE BUDGET OF THE DEPARTMENT OF DEFENSE RELATIVE TO ACQUISITION OF THE B-2 BOMBER

Mr. TORKILDSEN. Mr. Secretary, as you know, the Department of Defense's budget has declined in real terms since 1986. Your Future Years Defense Program (FYDP) proposes further reductions in procurement through 2001. How do you intend to reconcile your FYDP with the possible continued acquisition of the B-2 should the bomber study due this summer propose to do so? What are some of the program tradeoffs that may occur as result of this costly aircraft procurement?

Secretary PERRY. We have begun the heavy bomber force studies directed in the National Defense Authorization Act for Fiscal Year 1995, Public Law 103-337, and the Department of Defense Appropriations Act, 1995, Public Law, 103-335. The study is divided into three parts. Part one is a bomber requirements and an independent cost-effectiveness study conducted by the Institute for Defense Analyses, a Federally Funded Research and Development Center. Part two is a bomber industrial base study conducted by The Analytic Sciences Corporation to determine essential capabilities and technology to design, develop, and produce bomber aircraft. Part three is a contingency effort should the results of part one identify deficiencies in the current bomber force. In that case, we would examine a range of potential options for adding additional capability to meet the minimum requirements for the two major regional contingency scenarios.

As you know, the planning, programming, and budgeting system within the Department of Defense is designed to balance requirements and available resources in the Future Years Defense Program (FYDP). Over time both of these variables change, sometimes significantly. Consequently, we cannot speculate at this time about specific tradeoffs until the bomber study is completed and the results are thoroughly analyzed and weighed against other requirements within the Department. Having said that, our available options will likely include pursuing force reductions, as well as potential reductions in lower priority investment programs. Ultimately, we need to wait for the completion of the bomber study.

**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, SERVICE CHIEFS**

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**HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
Washington, DC, Wednesday, February 22, 1995.**

The committee met, pursuant to call, at 9:30 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. The meeting will please come to order. Before proceeding with our opening comments this morning I want to first welcome General Mundy's wife, Linda, to this morning's hearing. General, I am told that Linda has never seen you testify before. Is that correct?

General MUNDY. That is correct, sir. She has been propping me up my whole life. I figured she ought to come over here for the last time, one more time.

The CHAIRMAN. I am sure you are going to do her proud.

General MUNDY. Thank you.

The CHAIRMAN. We are especially glad to have both of you with us this morning. I would also like to take a minute to pay special tribute to two of our witnesses. It is possible that this might be the last time that General Sullivan and General Mundy testify before this committee, before each retires later this year.

Each of you have had long and distinguished careers spanning one of the nation's most fascinating periods of growth and change. Throughout decades of peace and war, good times and bad times, you and your families have devoted yourselves to ensuring the security of this nation. In my opinion, there is no greater challenge nor greater calling than the path each of you have chosen.

Speaking personally on behalf of the committee, and most importantly on behalf of the American people, I want to thank each of you for your dedication and commitment to ensuring a strong national defense. We will miss you both and your counsel and your leadership. Please remember that the door will always be open to this committee and also to my personal office. I wish each of you and your families a healthy and prosperous retirement.

Before proceeding, Mr. Dellums, do you have any comments you want to make?

Mr. DELLUMS. Just briefly, Mr. Chairman.

First, let me concur in the remarks and the sentiments that you just expressed on behalf of myself and certainly all of my col-

leagues on this side of the aisle in wishing General Mundy and General Sullivan the best as you move into a life that allows you to out-rank everyone, being a civilian. I wish you well and deeply appreciated the nature of our relationship over the years.

Thank you very much. I yield back my time.

The CHAIRMAN. I thank the gentleman.

I want to officially welcome our distinguished witnesses this morning. While none of you are strangers to this room, as I said earlier, I believe today's hearing is Admiral Boorda and General Fogelman's first appearance in their new roles as Chief of Naval Operations and Chief of Staff of the Air Force.

To General Sullivan and to General Mundy, welcome back.

Today's hearing is also a first for this committee. In my recollection we have never before had the four service Chiefs testify at the same hearing on the status and posture of our military forces.

Although the committee will call the service secretaries to testify, after the members have had the benefit of subcommittee hearings and the issues before us are more clearly defined, I thought that today's hearing lineup would provide us with an important and somewhat unique introduction to the fiscal year 1996 defense budget, before we begin several weeks of hearings with a number of our four regional CINC's.

Although our four witnesses lead the finest military establishment in the world, it is obvious that all is not well. I was especially struck by a quote in this past Sunday's paper; a quote from an officer in the Army's Third Division.

He said:

We are an expensive instrument with power for a nation to have. When you don't need us, you don't want to pay for us. When you do need us, you want us to be better than we ever could possibly be.

Unfortunately, today's situation is worse. This administration needs and uses the military, yet it is unwilling to pay for it.

We are using our military forces in more places for more purposes than ever before, yet we are in the 10th consecutive year of real decline in spending. The fiscal year 1996 budget before us represents the 11th consecutive year of spending cutbacks.

Our witnesses understand the consequences better than anyone in this room; the personnel drawdown, the continued pillaging of modernization funding, the expansion of missions and the toll it is exacting on the force at both the professional and personal level. By definition the military must approach its profession with a can-do attitude, if it is to succeed in times of both war and peace.

In light of the declining budgets, a shrinking force and an increase in deployment, when does this can-do attitude bump up against reality? When does it become counterproductive, even dangerous? When will the inconsistencies between strategy forces and budgets move from a problem to a crisis?

Perhaps we are already down the slippery slope as evidenced by readiness problems, increased operations and time away from home, maintenance backlogs on properties and equipment; at least the perception of increased accidents and higher rates of personal problems such as abuse and divorce. Will we ever know we have a crisis on our hands before it is too late? How long will it take to correct the situation and at what cost?

We look to each of our witnesses this morning to temporarily put aside this can-do attitude and engage with us in a straightforward manner on these fundamental questions.

We have no doubt that our military forces will perform to the best of their ability when called upon. What we need to better understand are the implications of tomorrow's force of current and projected tradeoffs, shortfalls, and shortcomings. This is a dialog we all need to engage in, in far more aggressive ways.

The nearer and longer term readiness of our military, people, equipment and a supporting industrial base concerns every member in this room. The readiness of today's force, which many of us question, is a legitimate concern.

Looking beyond the present, however, the future readiness of the force is unquestionably in jeopardy. Minimizing the risk to future readiness will depend in large part on the decisions we make today.

We should never forget that the foundation underlying the U.S. military strength displayed in Desert Storm was laid a decade earlier. Unfortunately, I do not believe that the decisions being made by the administration today are consistent with ensuring a ready force for tomorrow.

I believe that the future capability of our military forces are very much in question as the administration continues to play a high risk shell game with inadequate near-term resources; a dangerous game driven by the need to plug gaping and immediate holes in the areas of residence and quality of life due to budget shortfalls and the extent that they have unbudgeted contingency operations.

Two years ago the focus of the readiness debate was on OPTEMPO. Last year the debate expanded to include PERSTEMPO and quality of life issues. This year Secretary Perry has once again expanded the discussion to include the longer term readiness question of modernization.

Modernization is perhaps the most perplexing of all of these critical readiness questions because it is viewed as tomorrow's problem. Therefore, in a budget process that has a difficult time focusing beyond the current year, tomorrow's problem is too easily ignored as someone else's concern.

Yet due to the lengthy lead times and high costs associated with the development and acquisition of systems, addressing the modernization problems of the future will require taking appropriate steps today. Unfortunately, the administration continues to make decisions that worsen the long-term prospects about cost effective modernization.

In just the last year, growing shortfalls in the defense budget have forced the administration to shift \$10 billion from the fiscal year 1996 acquisition budget to other accounts; this, despite a 70-percent real decline in these programs since the mid-1980's.

Changes of this magnitude threaten the viability of tomorrow's defense industrial base. Modernization is broken today and there is a readiness crisis of massive proportion waiting just over the horizon.

Of course, this crisis will occur on some future Administration's watch unless we take some remedial steps this year. The price of peace is on the rise while the defense budget continues to decline.

This inherent tension threatens the long-term capabilities of our all volunteer forces.

I do not believe that today's force is as ready as it was just 2 years ago, nor do I believe that the readiness of tomorrow's force will improve in light of current budget and operational trends.

If any of our witnesses this morning disagree, please qualify your disagreement with a comment on the higher price being paid and the higher risk being assumed by the people in uniform and their families as we ask them to do more with less.

As good as our military is, we will break it if we are not careful, unless we begin to address these problems today. I believe the real question is not "if," only "when?"

I look forward to all of your contributions to this discussion this morning.

Before proceeding, I would like to yield to the committee's distinguished ranking Member, Mr. Dellums of California, for any comments he would like to make.

**STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. Thank you very much, Mr. Chairman. Let me join with you in welcoming the testimony of the Commandant, the Chief of Naval Operations, the Chiefs of Staff of the Army and the Air Force.

The views of the Chiefs, like those of the Secretary of Defense and the Chair of the Joint Chiefs from whom we heard earlier, and those of the service secretaries from whom we will hear soon regarding the posture of their respective services, is very important to this committee as it seeks to discharge its role in the formulation of our national security policy.

To our witnesses, I direct a few remarks. While it is always more difficult during periods of transition to make accurate predictions regarding the potential success of management efforts, we could not properly complete that responsibility without hearing your thoughts on the pace of downsizing and its impact on the forces, given inevitable budget constraints.

Equally important will be your views on how to balance the tradeoff between competing priorities. That includes efforts to improve the quality of life of the forces and their families, to ensure full funding for training, to modernize and maintain the equipment that the forces need in order to discharge its various missions. Of course, all of these issues relate as well to the near-term and long-term readiness of the forces.

As we move further into the post-cold-war era, constantly assessing whether our funding top line is insufficient, prudent or provocative and whether within that top line we are spending our resources most effectively will occupy considerable attention, in my opinion, for some considerable period of time.

Do we need more naval forces and less air forces; more land forces and fewer naval forces; less armor and more infantry, which may be better suited for contingency operations; reduce nuclear forces in favor of additional conventional forces?

Should we fund training at slightly lower levels in order to aide our modernization effort? Should we delay and defer some modernization programs in order to ensure training at current prescribed levels throughout the forces? Do we need to maintain industries, or should we invest in the quest for new technologies, or should we pursue both of these strategies simultaneously?

These are but some of the questions that confront, Mr. Chairman, the administration, the Department of Defense, the services and the Congress.

The distinguished gentlemen today who are testifying, their contribution will help us to answer these questions; thereby, help us to ensure that we preserve not only our nation's security and its economic health for this generation, but for our children and our children's children.

With those brief remarks, Mr. Chairman, I would yield back the balance of my time. I look forward to the testimony of our distinguished witnesses.

The CHAIRMAN. I thank the gentleman. Let's begin and go down the list; I guess seniority, you would call it in this.

Before we do, without objection, each of you can have your written statements submitted for the record.

We will begin with General Sullivan.

#### **STATEMENT OF GEN. GORDON SULLIVAN, CHIEF OF STAFF, U.S. ARMY**

General SULLIVAN. Mr. Chairman, first let me thank you personally, you and the members of your committee for your kind words, your words of support and your words of thanks. I appreciate it. Thank you very much.

It is an honor to be here. I will submit a statement for the record. Today I would like to talk to three things; one right up front. The Army remains ready to deliver what it is that the American people expect us to deliver. That is, victory in war and success at whatever you ask us to do.

The 1996 budget will keep us ready in 1996. Like the Secretary of Defense, I also am concerned with modernization and infrastructure revitalization. You have, as you stated, a world class Army; the best in the world. I am proud to be sitting here with my colleagues to my right as a member of the finest defense establishment in the world.

We have, in fact, succeeded in giving you victory in what you have asked us to do primarily because we train to tough standards.

We have the good equipment, very good equipment; arguably the best in the world. Most importantly, we have high quality men and women.

I am pleased to say that recruiting held up in 1995 and we met all of our recruiting goals. Over 95 percent of the recruits were high school graduates. Retention remains high. The numbers are encouraging. Morale of the soldiers remains high. I was with them in Cuba and in Haiti yesterday. Their morale remains high.

Now, you know about readiness in 1994. I would just say that I managed some strategic risk consistent with operational plans and priorities and our missions.

I would just leave it at that point and say that we need the supplemental which I know is coming up today. I need support on that as I think the other Chiefs will say. We need the supplemental so that readiness does not decline this year.

The 1996 budget, which is before you, contains sufficient dollars to retain a trained and ready Army. It also contains money to improve the quality of life of the soldiers. The Army is of sufficient size, America's Army.

Active Guard and Reserve will be about a million people, but only if we continue to invest in sealift, airlift, repositioned equipment, quality soldiers, training, quality of life, and modern equipment. We must have the enablers and we must have America's Army manned with high-quality men and women.

To sustain the readiness of the force I need your support, money for operations and maintenance activities; no fences around the money. The fences frankly kill me. I have to be able to get to the money which I have.

I urge you to pass the supplemental, an act which the Department has put forward, the Readiness Preservation Authority.

What I did, simply stated for 1996, is put money into my O&M accounts so that I could train at 1995 levels. Although modernization is sufficient in 1996, I am concerned for the long term.

There are funds for the development of the Comanche and Crusader, which is an advanced field artillery system, in the 1996 budget, but there is no procurement for the Comanche in the out years.

These systems, the advanced field artillery system and the Comanche, embody the technology which will enable us to fight and win on the 21st century battlefield.

In short, I urge your support of the 1996 budget. I ask you not to put any fences around it. I ask you to recognize that the numbers, the size of the Army will be sufficient to execute the strategy.

I must have the enablers, the planes, the ships, high quality men and women trained, trained to an appropriate level and equipped with modern equipment to make the strategy a reality today and in the 21st century.

As I said, it has been an honor to be the Chief of Staff of America's Army. I appreciate very much your confidence and the confidence of the American people. We intend to continue doing what we have done since 1775 and that is fight and win your wars and support this Nation.

[The prepared statement of General Sullivan follows:]

STATEMENT BY  
GENERAL GORDON R. SULLIVAN  
CHIEF OF STAFF  
UNITED STATES ARMY

BEFORE THE  
NATIONAL SECURITY COMMITTEE  
OF THE  
HOUSE OF REPRESENTATIVES

FIRST SESSION, 104TH CONGRESS

ON THE FISCAL YEAR 1996 BUDGET  
AND THE POSTURE OF THE UNITED STATES ARMY

22 FEBRUARY 1995

NOT FOR PUBLICATION UNTIL  
RELEASED BY THE HOUSE  
NATIONAL SECURITY COMMITTEE

Mr. Chairman and members of the committee, it is an honor for me to appear before you once again as the Chief of Staff to report on the posture of the United States Army and to offer my views on the proposed Fiscal Year 1996 Budget.

This is my fourth appearance before your committee to discuss the posture of the United States Army. My message today is little different from what I have told you before, for the world today poses no fewer dangers and providing for the security of our nation has become no less difficult. First, our nation continues to need a trained and ready Army. Second, It must be an Army of sufficient size, deployability, and versatility to deal with the wide range of threats to US interests which exist in the world today, and will continue to exist in the foreseeable future. Third, the maintenance of a trained and ready Army today and into the 21st century, a responsibility those of us in uniform share with you who serve our nation in the Congress, can only be done with stable and balanced funding.

The fact that we do indeed have a trained and ready Army with the capabilities necessary to promote and protect our interests was amply demonstrated over the past year. Your Army exists to serve this nation in peace and war and ultimately to give decisive victory to the nation. Even in a year of relative peace, the nation called upon the Army often, and we responded to the call. Soldiers and civilians of America's Army were called upon to deter, compel, reassure, and support; you saw that in Kuwait, Haiti, Macedonia and Rwanda. Kuwait: the rapid deployment of a task force from the 24th Infantry Division deterred further hostile actions by Iraq. Haiti: Peter Jennings said it best when he noted that "nothing quite focuses the mind like 61 planes of paratroopers." Our ability and commitment to use decisive force compelled General Cedras to relinquish power and restored democracy to Haiti. Macedonia: over 600 soldiers stand guard at the border, reassuring our allies and through their presence demonstrating the commitment of the United States to preventing the spread of ethnic conflict in that region. Those soldiers are only one small part of the over 140,000 soldiers providing the United States overseas presence in over 70 countries today—a number that peaked at 105 countries last summer. Rwanda: the skills and capabilities that support our soldiers in war enabled us to keep thousands from dying of disease and starvation until international relief agencies could respond. We can use our military capability to provide humanitarian support to those faced with disaster. Those same capabilities provide support at home as well; citizens endangered by fires in the northwest and floods in the southeast this past year both saw America's Army at work to support them in their homes and communities.

We've done all this with an Army that is over 31% smaller than it was in 1989. It is an Army that has experienced 10 years of declining budgets.

It is an Army that as a participant in the BRAC process is closing 83 bases in the continental United States and 656 overseas. And through all of that we fought and won a war in Desert Storm, saw the number of soldiers committed to daily operations increase dramatically, and still remained what many say is the best Army in the world.

It is apparent to all that the nation expects an Army ready to provide decisive victory—the strength and versatility to deter our enemies, to reassure our allies, and if need be to fight and win whenever and wherever the nation's interests are threatened. You expect us to succeed at whatever you ask us to do. That kind of Army cannot be built overnight. And it is not the result of investment in any one weapon, one program, or one kind of training. Our combat brigades are led by soldiers—officers and sergeants—who have trained for 20 years to fight and win. Our soldiers today dominate the battlefield with weapons that were conceived, in some cases, before they were born. The trained and ready Army we have today is the fruit of two decades of investment by the citizens of this nation; and today you are considering a budget that will influence the readiness of units a generation from now.

We have long known that stable investment builds a strong Army; but it is knowledge that in our history oft went unheeded. My message is not new—General Malin Craig's testimony to your predecessors in 1939 still rings true.

"This is an immensely rich nation, but all of its wealth, all of its industrial capacity, all of its intelligent manpower, is helpless before the inexorable demands of time in manufacture and training. The period has long passed when insufficiently armed or trained men can succeed in war ... [The] fact, that it takes years to resolve the will of the people into efficiently handled munitions of war, must be remembered." [Report of the Secretary of War, 1939, p. 35]

General Craig's advice went unheeded and the Army was not ready for World War II. That is a mistake we have not made in the aftermath of the Cold War. For the last six years we have followed a consistent and coherent plan to make the Army smaller while sustaining readiness in all of its dimensions. This has not been easy. In an environment of uncertain and varied threats and constrained resources, our historical pattern has been to dismantle the Army. In the past, when faced with ambiguity, instability, and uncertainty we have not invested in the readiness of the Army. Today we have broken that mold. Five years after our victory in the Cold War, we have

an Army that is trained and ready. An Army that succeeded this past year at every task the nation asked. An Army that is ready to give you decisive victory.

I am here today to tell you that an Army of just over 1 million soldiers, active and reserve, and about 250,000 civilians, is the right size to meet the challenges of the world today. I am here today to tell you that the budget before you will keep that Army trained and ready in 1996. If we are to sustain readiness in the future, beyond 1997, you must plan on stable and balanced funding, for the readiness of an army is fragile and requires continuous effort and investment to maintain it.

### **The Army's Posture—Trained and Ready**

Fielding a ready Army is the result of programs in six areas: Training, Quality People, Force Mix, Leader Development, Doctrine and Modernization. We refer to these as the six imperatives and the state of the Army today can be best understood in terms of these imperatives. To neglect one at the expense of the others is to place your Army at risk. Balancing the imperatives is the key to an Army that will continuously produce victory for the nation.

#### ***Training***

Of the six, training is the most fragile, has a direct impact on near term readiness, and is the imperative to which we have devoted the most attention in this budget. During this past year, you witnessed that fragility when you saw the readiness in three of our later deploying divisions decline at the end of the fiscal year. The lesson to be learned from that experience is not that the force is hollow—because it is not. Instead this is evidence that the funding we are asking for training—the Operational Tempo—is in fact the amount we need to keep the force ready. If in the execution of the budget we are forced to divert funds from the training program, to fund either contingency operations or other accounts, then you will see a decline in readiness.

In my testimony to this committee in March last year I said: "...in the near term, in the next 12-18 months, we expect the number of units classified as 'category 2' to increase. We know that will happen and we manage readiness of units consistent with their operational missions." A budget that was tight in March was exacerbated by the demands of contingency operations and other accounts, and as you saw readiness declined. Over the summer of 1994 we did precisely what I testified in the spring that we would have to do—we managed readiness consistent with operational missions.

The dollars programmed to support training in both FY 95 and 96 are sufficient to conduct the training our units need to maintain near term readiness. In that regard, both of these budgets are more robust than FY 94 and, given your approval of the FY 95 supplemental, I do not foresee a downturn at the end of this fiscal year or in FY 96 in current readiness. The FY 96 budget funds a full schedule of unit rotations to our combat training centers at Fort Irwin, California; Fort Polk, Louisiana; and Hohenfels, Germany. It provides sufficient funds for an acceptable level of home station training. But as with previous years if, in the execution of this program, funds are diverted from training to fund contingency operations or for other purposes then you will see strains on training readiness. And we will again manage the risk by taking resources from later deploying units in order to keep our priority, early deploying units at the highest possible state of training readiness.

We are continuing to improve our ability to forecast unit readiness and to tie funding forecasts more explicitly to readiness needs. The estimate of Operational Tempo (OPTEMPO) provided by the Training Resource Model has been the traditional method of determining dollar requirements for training. This model was never intended as a readiness predictor in that the estimate of miles to be driven or hours flown by a unit did not capture other costs which directly impact on readiness. The Army staff is currently developing and will shortly begin field testing a new model, entitled "Operational Readiness," which will reflect the total cost of preparing a unit to go to war. This model will be improved in two respects. First, it will capture costs related to ammunition, training aids, simulators and simulations, ranges, and power projection facilities not previously included as part of OPTEMPO. Second, it will tie funding to the execution of an explicit training strategy for each type unit. The execution of that strategy, or the failure to execute it based on funding constraints, will form an objective basis for the assessment of training readiness.

To ensure the training readiness of the Army in FY 96 I need the dollars requested in this budget and the flexibility in funding mechanisms to insulate OMA and military personnel programs from unforeseen costs. "Fences" around funds inhibit my ability to manage readiness consistent with operational missions. If we execute contingency operations in the last half of the fiscal year I have little choice but to pay those bills with money programmed for unit training. You can ensure the near term readiness of the Army by passing this budget without "fences" and by giving favorable consideration to the "Readiness Preservation Authority" requested by Secretary Perry.

***Quality People***

The success of the Army is directly tied to the quality of its soldiers and civilians. The complexity of the equipment we use, the uncertainty and variety of environments in which we employ our forces, and the pace of operations all place extraordinary demands on the skill and courage of our soldiers and their leaders. I am pleased to report to you that the quality of the soldiers we are recruiting and of those who are reenlisting remains high.

In FY 94, the Army exceeded its active duty recruiting goals, in spite of the lowest propensity to enlist among young men and women in over four years. Of the enlistees, 95.2% had high school diplomas and over 70% tested in Armed Forces Qualification Test categories I-IIIA. Based on what we already know, I can tell you that FY 95 will be as good or better.

Recruiting remains a serious challenge. In FY 96, the accession mission will increase from 70,000 to 85,000, a result of completing the drawdown. This increasing need to replenish the force comes at a time when propensity to serve remains low. Our ability to attract high quality recruits in FY 96 will depend on our continued investment in advertising and direct contacts by recruiters. Both of these are supported in this budget.

We are continuing to retain the best soldiers as well. In FY 94, 49% of all eligible first term soldiers reenlisted, compared with a ten-year average of 37%. Mid-career retention rates were above the historic average as well, and over 15,000 soldiers transitioned from the active to the reserve components. While soldiers still have concerns about career opportunities in a smaller Army, the indicators are that the best soldiers are continuing to serve.

Again, this is a success story but it is not a reason to relax our efforts. Soldiers continue to serve because they truly love the Army, the challenge of their job, and the opportunities it offers. They individually embody the value of service to nation. But they will not stay in if it means that their family suffers. Quality of life is an important factor in a soldier's and a family's decision to stay in the Army. This budget addresses those concerns with a variety of initiatives. This concern is reflected in funding the Whole Barracks Renewal program and the maintenance of family housing. The FY 96 budget includes \$634.3 million for maintenance and repair of family housing, an increase of more than \$300 million over FY 95. This increase will adequately maintain the housing in FY 96 and stabilize the deferral of maintenance and repair projects.

### ***Force Mix***

Adjusting the mix of forces for the post Cold War environment has been a major focus of the Army for the last few years. I am happy to report that we have reached the end of that road. Within the active component, by the end of this year we will have made 95% of the personnel cuts necessary to achieve the 495,000 end strength. This has been a difficult process, but thanks to the support you and your colleagues gave us in the form of downsizing incentives, those soldiers and civilians leaving the force did so with both dignity and respect.

The Army has led the way in downsizing the force. At the end of FY 95 we will have cut 34% of the active force since 1989. Over 515,000 positions have been cut from the active, reserve and civilian force structure. These personnel cuts set the stage for the final restationing and reflagging of the 10 active divisions. This force will consist of four light and six heavy divisions, each division with three active component brigades. The Army will complete this restructuring by the end of FY 96.

Within the reserve components the implementation of the RC Restructuring "Off-Site" agreement of over a year ago is proceeding well; by the end of this fiscal year, we will have completed the major unit mission changes and restructuring between the Guard and Reserve. The remaining parts of the "Off-Site" are fully integrated into our overall reshaping of the reserve components and in FY 98 we will reach stability with a combined Guard and Reserve end strength of 575,000.

An Army of just over 1 million men and women is sufficient to meet the requirements of our national security strategy as we transition into the 21st century. That is if we continue our investment in critical enablers such as sealift, airlift, and prepositioned equipment. Our ability to deploy forces rapidly contributes directly to our ability to deter our enemies and to fight and win. You saw that this year in Kuwait when elements of the 24th Infantry Division flew to Kuwait and fell in on prepositioned equipment. Our investment in sealift and prepositioned equipment is solving a strategic problem this nation has faced since the Spanish-American War. Both the lift and the equipment are essential enablers of our national strategy and I strongly encourage your continued support.

### ***Leader Development***

Our leader development programs for both officers, non-commissioned officers, and civilians are essential to our ability to give the nation victory today and into the 21st century. The wide range of tasks for which the nation relies upon its Army means that very junior leaders are making

decisions and taking actions which ultimately have strategic effects. Our leaders are in some cases operating simultaneously at the tactical, operational, and strategic levels. They are succeeding in places like Macedonia and Haiti because we have invested heavily in their training and intellectual development. It is an investment we must continue to make.

I am convinced that the size of our investment in professional military education is about right and that attempts to cut the size of our war colleges or to harvest additional dollars from reducing our leader development programs in general are misinformed. During times such as these we must educate and train our leaders. The leaders who will win the nation's battles in places and under conditions we cannot know are the students we are training in our land warfare university today. They must be masters of the theory and practice of war, and in our increasingly complex international system they must be intellectually prepared to succeed at a range of tasks much greater than the one faced by leaders during the Cold War. That is a condition that mandates increased attention to the development of senior leaders. I encourage your continued support of our leader development programs in general and our war colleges in particular.

### ***Doctrine***

Our doctrine forms the intellectual guideposts for the conduct of operations and the development of the future force. It is in a very real sense the engine of change. The transformation of the Army from a forward deployed, Cold War force to a power projection Army is most readily apparent in the evolution of our doctrinal publications. This past year the Army built upon the foundation laid by the revised FM 100-5, Operations (June 1993), the Army's keystone manual, and published FM 100-23, Peace Operations (December 1994). These documents combined with our other 100 series publications, The Army, Domestic Support Operations, Mobilization, and Force Integration, establish the intellectual framework for preparing, deploying and employing an army that can achieve decisive victory across the entire range of military operations today.

Our doctrine serves us today, and is pushing us into the future as well. TRADOC Pamphlet 525-5, Force XXI Operations (August 1994) sets out the Army's vision of operations in the 21st century. We are convinced that the advances in information technology have the potential to dramatically change the conduct of military operations by changing the dimensions of the battlespace and accelerating the tempo of operations. Force XXI Operations is the intellectual framework for the future battlefield.

*Modernization*

The budget before you supports the critical modernization programs for FY 96 which is our greatest concern as we look at the long term readiness of the force. I am concerned about it as is Secretary Perry who is on record as saying "...the modernization program ... has already been cut too deeply in the Army" (1 July 1994). As we look toward the turn of the century we must plan on increasing our investment in modernization or else we will not have an Army with technological superiority. Both equipment modernization and infrastructure revitalization must receive the funding projected in the FY 1996 budget.

With respect to modernization, the FY 96 budget funds only the most critical programs for the Army. It maintains a program of product improvements to the Abrams tank and the Bradley Fighting Vehicle and it continues improvements such as upgrades to the armaments and sensors for the Kiowa Warrior helicopter. In FY 96, the Army starts the production of new systems which will enhance the lethality of the force including the Armored Gun system which will provide a lightweight, highly deployable direct fire system to our light forces, and the Hellfire missile which will provide the Longbow Apache helicopter with a "fire and forget" capability. The Javelin anti-tank missile continues to be a high priority Army system.

This budget continues the development of both the Crusader advanced field artillery system and the Comanche armed reconnaissance helicopter. Both of these programs have the potential to contribute to what I expect will be a revolution in the conduct of land warfare. The Comanche, should it meet our expectations in testing, has the potential to enable dramatic increases in our ability to dominate the battlefield. It is a system that may give the Army an all weather, day/night reconnaissance capability and would replace the obsolete OH-58 and AH-1 helicopters. Crusader will provide us both faster and more accurate artillery fire. If that were all those systems provided, I might not spend the money, but the heart of both Comanche and Crusader is the ability to integrate battlefield information in ways that increase the lethality of the entire combat task force. The Comanche's mission equipment package represents a capability that could form the core of many other Army platforms in the future. I strongly encourage your support of both of these programs.

Our modernization in FY 96 in terms of procurement programs is limited, but that does not mean that we are not growing and changing. Major advances in the military art are intellectual and are as much the result of changes in operational concepts and organizational structure as they are of technological improvements. Amphibious warfare, naval aviation, and the blitzkrieg all were innovations that took money to realize when the money

was available, but the ideas, the concepts, the doctrine were possible within very constrained resources.

The most difficult part of these previous "revolutions" in the conduct of war was not the creation of the technology but rather the intellectual realization that new things could be done, and the intellectual working out of how to do them. We are doing that today. Our doctrinal evolution has seized the future, and our investments in technology today will enable dramatic increases in capabilities in the future. We are at the start of a revolutionary period and we are determined to build an Army that takes full advantage of information technology.

### **Building the Army of the Future—Force XXI**

We know where we are going. We know that information technology offers tremendous opportunities in our munitions, weapons systems, training devices, and command and control systems to create a better Army and we are determined to take full advantage of those opportunities. We are building the Army of the 21st century—Force XXI.

Our campaign plan to build the Army of the future translates theory to practice and incorporates three complementary efforts. First, and most important, is the redesign of the operational forces. TRADOC Pamphlet 525-5, Force XXI Operations, is the intellectual vision of how that force will fight. We will elaborate and refine that vision in a series of experiments to be conducted at our training centers with the initial objective of reengineering the combat divisions. Ultimately, this effort will produce a tough, versatile fighting force that melds information technology into combat and combat support systems to dramatically improve our capabilities to dominate the battlefield.

The second and supporting effort is the reinvention of the institutional Army, that part of the Army that generates and sustains the operating forces. We know both from our own experience and from our study of civilian industry that advances in information technology enable fundamental changes in the distribution and execution of organizational processes. We have already reengineered our Medical Command (MEDCOM), Information Systems Command (ISC), Army Materiel Command (AMC), and Intelligence and Security Command (INSCOM), flattening these organizations while expanding their capabilities. These efforts will continue to reshape the institutional Army into an information age organization.

The third part of the plan is the development and acquisition of information age technologies, particularly our digital communications hardware and the related software needed for information age battle

command. The Army Digitization Office leads this effort and provides a central point to ensure that digitization efforts on all systems are coordinated and integrated into the overall Force XXI development plans. Digital technology is the means which will enable us to create dominate the information age battlefield.

All of our efforts are being informed by an interactive and linked series of Advanced Warfighting Experiments, Advanced Technology Demonstrations, Advanced Concept Technology Demonstrations, and Advanced Concepts and Technology II programs. These experiments and demonstrations, in many cases representing partnerships between the Army and civilian industry, are providing results now and informing interim design decisions. We are using a complex series of virtual, constructive and live simulations of the future force to not simply test individual pieces of hardware, but to "test drive" the entire force before we "buy it."

America's Army has already made the transition from a Cold War Army to a Power Projection Army, but we cannot stop here. We must continue to change and grow into the future if we are to keep this as the best Army in the world. We need your support to continue our push to the future.

#### **Stability for the Future.**

Much about our future is uncertain, but one thing is not. This nation will retain interests around the globe and will need military power as part of a comprehensive national security strategy to both promote and defend those interests. The Army provides essential capabilities to the nation and the question before you as you consider this budget is how can we best maintain an Army that is ready to deliver decisive victory both today and tomorrow?

We cannot discipline the future, but we can prepare ourselves to live with, adapt to, and ultimately dominate our ever changing environment. All of us share the responsibility for ensuring the security of our nation. To achieve our vision of remaining the army all others look to as an example of success, we must have stability in our resource base beyond 1997—both manpower and dollars.

Today, with today's technology, and today's training, and today's strategic environment an Army of just over 1 million men and women meets today's strategic needs. It is an Army that is using an historically low percentage of the nation's wealth and manpower. In 1950, the active Army had 591,000 soldiers; in FY 96, the active Army will have 495,000 soldiers. In 1950, there were 3.9 soldiers for every 1000 citizens; in FY 96, there will be less than 2 soldiers for every 1000 citizens. In 1950, the Army's budget

was 1.5% of the gross national product (GNP); in FY 96, it will be approximately .8% of GNP. In a world of great uncertainty I cannot, in good conscience, tell you that we have it exactly right, that we know exactly how many soldiers we will need for a war of whose shape and location we are unsure; but I can tell you that I am confident that we have it "about right." We have the best Army in the world; it is an Army that will give the nation decisive victory at whatever mission the nation calls upon us to do. Our collective task is to keep it that way.

We share the responsibility to keep this Army ready for the future as well. In a sea of change, we should anchor ourselves to a commitment to budget stability beyond 1997. I cannot tell you the size of a division in 2010 but I will predict that it will be far more capable in terms of versatility and effectiveness—and that it will be smaller. To create that force we need stability beyond 1997, not in the strategic environment, but in the funding environment. We need to be able to experiment, to grow, to manage the allocation of soldiers and dollars efficiently, and to react quickly to changes in both technology and threats. To dominate the battlefields of the future, we must commit ourselves to a journey of change. We must grow into the future and that growth can be managed only with a long term commitment not to individual programs, structures or end strengths, but instead with a commitment to continued investment in the security of the nation.

The soldiers and civilians of America's Army are trained and ready. They are serving the nation today, in our towns and cities, at camps and forts in Haiti, Germany, Korea, and a hundred places most of the nation never hears of. It is an Army of citizens who have dedicated themselves to serving this nation. The nation needs them—and they need your support. America's Army—count on us.

# A Statement on the Posture of the United States Army Fiscal Year 1996

*by*

**The Honorable Togo D. West, Jr.**  
*and*  
**General Gordon R. Sullivan**

**FEBRUARY 1995**

*Presented to  
the Committees and Subcommittees of the*

**UNITED STATES SENATE**  
*and the*  
**HOUSE OF REPRESENTATIVES**

**First Session, 104th Congress**



*In recognition of the men and women who served the  
Nation in war 50 years ago.*

#### **ASIATIC - PACIFIC THEATER**

*Central Burma 1942 - 1945  
India - Burma 1942 - 1945  
Air Offensive, Japan 1942 - 1945  
Western Pacific (Air) 1944 - 1945  
(Ground) 1944 - 1945  
China Defensive 1942 - 1945  
Leyte 1944 - 1945  
Luzon 1944 - 1945  
Bonin - Volcanos (Iwo Jima) 1945  
Southern Philippines 1945  
Ryukyu (Okinawa) 1945  
China Offensive 1945*

#### **EUROPEAN -AFRICAN - MIDDLE EASTERN THEATER**

*Northern Apennines 1944 - 1945  
Rhineland 1944 - 1945  
Ardennes: Alsace 1944 - 1945  
Central Europe 1945  
Po Valley 1945*

#### **HOME FRONT / AMERICAN THEATER**

*Antisubmarine 1941 - 1945  
Ground Combat 1941 - 1945  
Air Combat 1941 - 1945*

Note: The Antisubmarine, Ground Combat, Air Combat campaigns were waged from 7 Dec 41 to 2 Sep 45 in each foreign Theater of Operations in addition to the Home Front /American Theater.



**The Honorable Togo D. West, Jr.**  
Secretary of the Army



**General Gordon R. Sullivan**  
Chief of Staff

## FOREWORD

**F**or almost 220 years, the United States Army has served the nation around the world, in peace and war. From a bitter winter at Valley Forge, where a professional army was created; to the misty fields of Shiloh; the muddy trenches of France; the beaches of Normandy, Luzon, and Inchon; the valley of the Ia Drang; the deserts of Iraq; and the streets of Panama City, Mogadishu, and Port au Prince — America's Army has served the nation. With the explorations of Lewis and Clark, the improvement of American waterways, disaster assistance in fire-ravaged Chicago and earthquake-destroyed San Francisco, and the construction of the Panama Canal and conquest of yellow fever — America's Army has also answered the nation's call. Trained and equipped for war and capable of military operations other than war, the Army is America's historical force of decision. It has taken over 20 years, from the end of the Vietnam War to the present, to create today's power projection Army — a stunning achievement underwritten by quality Army soldiers and civilians, working with the American people and partners in the executive branch, Congress, and industry. The Army team consists of active forces, the Army National Guard, the Army Reserve, and Army civilians — each with a vital role to play in the nation's defense. As it moves into the 21st century, America's Army is ready to respond to the nation's call.

Poised to enter a new century as the world's premier land combat force, the United States Army has undergone a profound transformation — one that has fundamentally changed the way America's Army thinks, the way it operates, and the ways it conducts business. The result of this transformation is a smaller but more capable Army — a

technologically enhanced force of outstanding soldiers, ready to meet the challenges of an uncertain world. It is an Army that has responded to the nation's call with increasing regularity since the fall of the Berlin Wall — an Army whose troops are spending more time deployed around the world. Despite the many changes that the Army has undergone, its fundamental values have not changed. The Army remains a people-based, values-centered institution with an enduring commitment to selfless service.

The Army's primary mission remains to fight and win the nation's wars. America's Army is a force serving the nation at home and abroad — whether facilitating the delivery of relief supplies to Rwandan refugees in Zaire, upholding democracy in Haiti, deterring aggression in Kuwait and Korea, assisting earthquake victims in California, fighting fires in the American West, or assisting flood victims in Georgia and Texas. Today's Army is a strategic force — able to deploy forces rapidly to form the strategic core of joint operations worldwide. The Army is a decisive force — capable of prompt and sustained land combat operations that historically have proven decisive in conflict. America's Army is a ready force — a readiness demonstrated by recent operations in Haiti and Kuwait. The Army is also a joint force — working every day with the other services to achieve the nation's security goals around the world. America's Army is a reinvented force — an organization at the forefront of the government's implementation of the National Performance Review. And finally, the Army is at the forefront of building a 21st century force — taking advantage of new technologies to forge an army for a new century.

With this transformation comes great promise — the promise of an Army molded to meet the demands of a new age, the promise of information age technology that will revolutionize warfare, and most of all, the promise of quality soldiers and Army civilians meeting challenges through innovation and the dedication that has always characterized the nation's senior service. The Army's transformation makes possible the promise of a force that will remain ready to serve.

The Army faces many challenges, most stemming from resources that have declined more rapidly than have costs or missions. It has successfully met the resource challenge in the short term by delaying or deferring modernization and investment, a strategy that has largely run its course. The Army's first resource priority is stability — both in the short and long term. An important contribution to that stability is a method to fund contingencies without impacting the Army's operation and maintenance account. The Army's leaders look forward to working with Congress to maintain a trained and ready force — now and in the future.



## FY 96 ARMY POSTURE STATEMENT

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The annual Army Posture Statement is an unclassified summary of Army roles, missions, accomplishments, plans, and programs. Designed to reinforce annual Secretary of the Army and Chief of Staff, Army, posture and budget testimony before Congress, the Posture Statement subsequently is distributed extensively and serves a broad audience as a basic reference document on the state of the Army. Editor: LTC Barrie S. Smith; Assistant Editor: CPT Daniel J. Zehnder, Congressional Activities Division, Office of the Chief of Staff, Army, DACS-CAD; Telephone: (703) 695-9913/9997; DSN 225-9913/9997.

Cover design: Ms Louisa Stansfield  
Front cover photo by: TSgt Val Gempis, USAF  
Photo assistance: Mr. Robert Melhorn

*"We know...that those who enter the military understand clearly that they assume great risks, that even though the world has changed, that the specter of the Cold War is fading, the way of life we cherish as Americans and our hopes for the rest of the world still depend upon their skills, their sacrifice, their courage, and their clear willingness to undertake those risks."*

- President William J. Clinton, April 24, 1994.



# 1 SERVING THE NATION

**O**n June 14, 1775, more than a year before our nation's declaration of independence, the Continental Congress founded an American army and chose George Washington to lead it. Since that time, the United States Army has served the nation in peace and war. Today, the Army continues to answer the nation's call around the world. The United States Army is the world's premier land combat force, trained and equipped for combat and capable of military operations other than war. The Army team consists of active forces, the Army National Guard, the Army Reserve, and Army civilians — each vital to the Army's success as it moves into the 21st century.

The United States Army is transforming itself to meet the challenges and to take advantage of the promise of a new century. In a dynamic process that cuts across the entire Army — from the Departmental headquarters to the smallest unit in the field — the Army has transformed itself from a forward-positioned Cold War army to a power projection force based largely in the United States, from a threat-based force to a capabilities-based force, from an army of 18 active divisions to one of 12 (soon to be 10) active divisions, from an army of 770,000 active component soldiers in fiscal year 1989 to one of 541,000 in fiscal year 1994, and perhaps most importantly, from an army with roots in the industrial age to an army actively exploring the promise of the information age. The Army is restructuring itself into a 21st century fighting force, redesigning its fighting forces, experimenting with new technologies, and reengineering its sustaining base. Concurrently, the Army continues to execute its largest drawdown since the end of World War II. More than simply changing, the Army is taking charge of change to ensure that it can meet both future requirements and current needs. The result will be a smaller, more capable Army — ready to respond when the nation calls.

That call is coming more and more often — a 300 per cent increase in operational deployments since the end of the Cold War. When the nation



"Let me remind you of a fact of American history: Since our Nation was founded, we have never experienced a 20-year period of uninterrupted peace. Put another way, no soldier in this country's history has ever completed a full military career when our nation did not engage in armed conflict at least once. This is the reality that underscores our absolute need to remain ready."

- General John M Shalikashvili  
February 28, 1994.

has called, the Army has been ready. In the last year, American soldiers have upheld democracy in Haiti, faced down a new threat to regional stability in Southwest Asia, delivered relief supplies to Rwandan refugees in Zaire, conducted a peacekeeping exercise in Russia, reinforced peace in the Sinai, supported refugees in the Caribbean, protected United Nations operations in Somalia, treated the wounded in Croatia, demonstrated resolve in Macedonia, and deterred aggression in Korea.

In addition to these operations, the Army has reinforced the peace and maintained US overseas presence with 125,000 troops based in Europe, Korea, Japan, and Panama. American troops also have served the nation at home — providing earthquake relief in California, fighting forest fires in the American West, assisting flood victims in the South, and helping to stem the flow of illicit drugs into the United States. With a smaller force, the burden of these missions falls increasingly on the same soldiers and units; the average American soldier now spends 138 days a year away from home. This tempo is demanding — and has at times adversely impacted the Army's training and readiness.

## TRANSFORMING AN ARMY

America's Army plays a unique role in the defense of the nation. As the strategic core of US forces for joint or multinational operations, the Army can be used by national leaders to *compel* an adversary to accede to the will of the United States; to *deter* opponents from actions inimical to the United States; and to *reassure* US allies, demonstrate US capabilities, promote stability, and contribute to the nation's ability to influence world events. America's Army fulfills all these roles. History has shown that wars are won on the ground. The Army is the only service capable of prompt and sustained land combat operations. *Successful military operations require the control of the air, sea, and land, but a nation's ability to impose its will can be assured only if it is capable of controlling the land.* The Army — and only the Army — provides the United States that core capability.

In July 1994, the Administration issued a new *National Security Strategy of Engagement and Enlargement*. The document envisions making a difference in the world through *engagement* — carefully tailored to serve US interests and priorities — and through *enlargement* — fostering the community of market

"The budget cuts that have come at the end of the Cold War were necessary, even welcome, appropriate in light of the collapse of the Soviet Union and other changes. But we must be mindful, even as we try so hard to reduce this terrible national deficit, that there is a limit beyond which we must not go. We have to insure that the United States is ready, ready to win, and superior to all other military forces in the world."

- President William J. Clinton, May 29, 1993.



"I believe it was only the imminent use of military force that finally made our threat credible to the military leaders of Haiti."

- Secretary of Defense  
William J. Perry,  
September 21, 1994.

democracies while deterring and containing a range of threats to our nation, our allies, and our interests. There are three central components of the strategy: to enhance US security by maintaining a strong defense capability and promoting cooperative security measures; to work to open foreign markets and spur global economic growth; and to promote democracy abroad. US military capabilities are critical to the success of this strategy, which envisions robust and flexible military forces that can deal with major regional contingencies, provide a credible overseas presence, counter weapons of mass destruction, contribute to multilateral peace operations, and support other national security objectives. Today's versatile Army — which contributes to each of these missions — is key to achieving our nation's security goals.

America's Army today is smaller than the force that won the Cold War and Desert Storm — but it is not simply a smaller Cold War army. With 541,000 active component soldiers, 280,000 Army civilians, 396,928 soldiers in the National Guard, and 259,856 Army reservists at the beginning of fiscal year 1995, America's Army is a formidable force, capable of a wide range of operations virtually anywhere in the world. The Army's force structure has also changed. Since 1989, the Army has inactivated one corps, two armored cavalry regiments, six active component divisions, two National Guard divisions, and a variety of support units in both the active and reserve components. With four active corps, 12 active component divisions, and eight National Guard divisions, today's Army is regionally oriented, rapidly deployable, and capable of protecting US interests worldwide.

In December 1994, the Secretary of the Army and Army Chief of Staff announced details of a plan to restructure the active component Army from 12 to 10 divisions as directed by the October 1993 Bottom-Up Review. To be implemented in fiscal years 1995 and 1996, the plan stabilizes the force at an active duty end strength of 495,000 soldiers. The plan calls for inactivating two army headquarters, three combat brigades, and two division headquarters and their divisional troop units. It also moves two air defense artillery brigades and an armored cavalry regiment to new locations. The 10 division active component Army of fiscal year 1996 will have four light divisions and six heavy divisions. Some divisions will have one brigade stationed at a different location than the division headquarters. The overall stationing rationale was to maximize training land availability for the active and reserve components, mutual support of collocated units, and

force projection capabilities — while maintaining battlefield lethality and strategic responsiveness.

Cuts in strength have been accompanied by a steep decline in resources. The Army's total obligation authority has declined 36 per cent since fiscal year 1989. Not only have total resources declined, but the Army's share of the Department of Defense budget has also declined over the same period. Sustaining a quality force requires Army leaders to make difficult choices between operational readiness and a needed investment in modernization. *It is becoming increasingly difficult to keep readiness programs adequately funded — and there are indicators that readiness has begun to slip.* Contingency operations present special resource challenges, because they are funded from operating accounts. To fund contingency operations in fiscal year 1994, the Army cancelled training, reduced vehicle and equipment maintenance, restricted spare parts purchases, and deferred real property maintenance. These necessary actions adversely affected readiness and quality of life. While deferred maintenance can be performed later and repair parts can be purchased eventually, lost training opportunities are gone forever. *To assure that it is ready to answer the nation's call, the Army must have a level of stability in resources.*

As it left the Cold War behind, the Army recognized that it was not enough just to change; change had to be managed in a positive way. The Louisiana Maneuvers process — named after the historic exercises ordered by General George C. Marshall just before America entered World War II — provides a framework to manage the changes occurring in the Army. The Louisiana Maneuvers process provides a mechanism for the Army to identify new ideas and questions to be resolved and establishes a basis for consensus among senior Army leaders. It causes selected ideas to be studied and provides accelerated feedback to Army leaders. The Louisiana Maneuvers task force is coordinating and synchronizing the Army's efforts to move into the 21st century, while focusing the Army on critical issues for change. An adjunct to Louisiana Maneuvers, Army Battle Laboratories were established to experiment with changing methods of warfare so that the Army can rapidly develop requirements. The six Army Battle Labs experiment with warfighting concepts using simulations and field testing. Insights from these experiments reveal whether the tested concept improves lethality, survivability, or tempo of operations.

The Louisiana Maneuvers process provides a mechanism for the Army to identify new ideas and questions to be resolved and establishes a basis for consensus among senior Army leaders. It causes selected ideas to be studied and provides accelerated feedback to Army leaders.

Army installations are now power projection platforms, from which forces are launched and supported in the field. To enhance installations as power projection platforms, the Army is investing in rail and airfield upgrades, improved warehousing capabilities, and upgrades to other deployment facilities; containers and rail cars are also being purchased.



As the Army changes, the role of Army installations has also changed. More than ever before, installation readiness has an important impact on Army readiness. Army installations are now power projection platforms, from which forces are launched and supported in the field. Installations directly support the Army's ability to recruit and retain quality soldiers and civilians; its ability to train and maintain the force; and its ability to project and sustain the force. Recruitment and retention of quality soldiers and civilians are directly related to quality housing, quality medical support; quality Morale, Welfare, and Recreation facilities and activities; post exchanges, commissaries, and family programs. The training and maintaining of the force is tied to the abilities of Army installations to provide ranges, training facilities, simulators and training devices, general support maintenance, and depot maintenance and repair, as well as other vital logistical support.

To enhance installations as power projection platforms, the Army is investing in rail and airfield upgrades, improved warehousing capabilities, and upgrades to other deployment facilities; containers and rail cars are also being purchased. *Despite these investments, repeated underfunding in base operations has adversely affected Army installations; it has been the practice for installation commanders to divert funds from operational tempo and training to pay for essential services.* The Army is also

experiencing significant challenges in Army housing — for both single and married soldiers. At current funding levels, upgrades needed to turn barracks into single soldier communities will take 38 years to complete. Similarly, funding for Army family housing has declined 30 per cent since 1985, while the inventory has decreased only 17 per cent in the same period — thereby degrading the Army's ability to maintain even current standards.

The Army is making a significant — and necessary — investment in environmental stewardship. In fiscal year 1994, the Army spent \$1.7 billion in this important area, a sum equal to 53 per cent of the amount the Army spent on operational tempo. Guided by an environmental strategy emphasizing compliance, restoration, prevention, and conservation, the Army continues to make progress in the protection and preservation of natural and cultural resources.

The Army is also reinventing itself and changing its business practices. At the forefront of the government's efforts to implement the initiatives of the National Performance Review (NPR), the Army has seized the opportunity created by the NPR's environment for change. For example, the Army has 15 of the 58 NPR reinvention labs in the Department of Defense. To cut red tape, the Army has waived restrictive regulations that impeded good business practices. Recognized as "Heroes of Reinvention" by Vice President Gore, nine Army agencies (out of 23 total for DoD) were singled out nationwide in September 1994 with the Hammer Award — symbolizing extraordinary accomplishment and success in NPR efforts. America's Army is reinventing its Departmental headquarters and major commands whose mission is to man, train, equip, maintain, or sustain the force. Fundamental changes are being made to the way the Army develops, acquires, and fields new capabilities — eliminating nonproductive costs, and improving the development, testing, acquisition, and fielding of new systems. In new streamlined requests for proposal, the Army has ceased the practice of imposing unique military specifications. The Army has streamlined and reengineered many acquisition programs — notably that of the Comanche armed reconnaissance helicopter. Off the shelf, non-developmental items are being purchased at significant savings over the old, red tape encumbered system.

"In the past, the Army learned how to change from industry. We were derivative. Today, we are leading change. Today, we are writing the theory and creating the practice simultaneously."

- General Gordon R. Sullivan, February 8, 1994.

The Department of the Army is transforming its financial management in line with the Chief Financial Officers Act of 1990. As the first pilot project participant in the Department of Defense, the Army has broken new ground with initiatives that revise physical inventory policy, valuation of assets, identification of macro outcome-oriented performance measures, and the revamping of management control. Three annual reports have been produced, with readiness as their focus. The Army's commitment to the Department of Defense's implementation of the Government Performance and Results Act is demonstrated by three activities — the Army Audit Agency, Army Research Laboratory, and the Corps of Engineers' Civil Works Operations and Maintenance Program — that are or will soon be participating as pilots.

*While many things in the Army are changing, the essence of the Army—its values, its professional ethos, its basis in the Constitution and the laws of the nation — has not changed. America's Army is rooted in democracy. The Army's primary mission remains to fight and win the nation's wars. By virtue of its discipline, training, and unique capabilities, the Army can do many other things — missions called military operations other than war — but the Army's focus remains on warfighting. The Army is a values-centered organization built on the strength of its strongest weapon — the American soldier. The Army's institutional core has always been — and remains today — the ideal of selfless service to the nation.*

Four years ago, the Army undertook a historic challenge — to professionally execute a significant drawdown without sacrificing readiness — to break the historical mold of devastating post-war demobilizations that left the Army without the people, equipment, infrastructure, and logistics needed to respond to a new crisis. Through careful planning, a series of very difficult decisions balancing resources between the present and future, and a guiding vision of a force constantly trained and ready to serve the nation, America's Army has demonstrably met that challenge.

#### BUILDING FORCE XXI

The next century holds great promise for the United States and its Army. As the world leaves behind the industrial age and enters what some call the information age, the Army recognizes that warfare will change and that America's Army must stay ahead

of that change. *The Army's vision of America's 21st century Army is called Force XXI.* Redesigned from foxhole to factory, Force XXI will integrate emerging information technologies with sound doctrine, reinvented organizations, and quality people to make a smaller force more lethal, more survivable, and more powerful. Ideally suited for joint operations, Force XXI will be modular, allowing the Army to generate, project, and sustain force packages that meet the specific needs of a joint force commander.

Advanced technology promises to revolutionize the face of war in areas of lethality and dispersion, volume and precision of fire, integrative technology, mass and effects, and invisibility and detectability. Command and control on a future battlefield will be based on real-time, shared situational awareness. Echelons will become more specialized as more people gain access to information. Units will rely more on electronic connectivity, rather than geographic or physical connectivity.

To take the present-day Army into the future, the Army has formulated a Force XXI campaign plan, whose main effort is to redesign the Army's operational forces. This effort is supported by parallel and simultaneous efforts to reinvent the institutional Army and to develop and acquire information age technologies, for which acquisition reform is vital. The Army is now entering a crucial stage in this process — the work of redesigning the force.

Digital technologies that allow the Army to pass vast amounts of real-time information to all levels will be critical to Force XXI. To integrate all activities related to digitization, the Army created the Army Digitization Office. The Army Digitization Office is developing a digitization master plan that will address elements of technical, systems, and operational architectures, acquisition strategy, integration, requirements, and an evaluation strategy. The Army is working closely with other services to ensure interoperability. The Army plans to digitize a brigade in fiscal year 1996 and to digitize a division and corps by the turn of the century. The Army Warfighting Experiment (AWE) Desert Hammer IV, conducted at the National Training Center in April 1994, was the first-ever use of digital command and control systems and corresponding tactics in a field environment. The experiment was designed to validate the hypothesis that digitization may lead to increases in lethality, survivability, and tempo of operations. The results of the experiment clearly validated that hypothesis.

Modernization is key to maintaining a smaller, sophisticated force that can overmatch the nation's adversaries on the battlefield. The Army has set five modernization objectives: rapidly project and sustain forces, protect committed forces, win the information war, conduct precision strikes, and dominate the maneuver battle. There are two new systems of importance to the 21st century Army. The RAH-66 Comanche armed reconnaissance helicopter is designed to meet the Army's critical need for reconnaissance, security, and economy of force operations in a wide spectrum of battlefield environments: night, inclement weather, and under battlefield obscurants. The Advanced Field Artillery System/Future Armored Resupply Vehicle (AFAS/FARV) is the second system. A 155mm self-propelled howitzer system that will provide a dramatic increase in artillery lethality, survivability, mobility, and operational capability and effectiveness through the utilization and integration of leap-ahead technology, the Advanced Field Artillery System will deliver unprecedented firepower at extended ranges utilizing a regenerative liquid propellant armament system, automated ammunition handling system, and an advanced fire control system. The Future Armored Resupply Vehicle will provide the foundation for resupply of fuel and ammunition for AFAS.

To manage extensive use of command, control, communications, computers, and intelligence, the Army created the Army Enterprise Strategy — a single, unified vision that

To manage extensive use of command, control, communications, computers, and intelligence, the Army has created the Army Enterprise Strategy -- a single, unified vision that strengthens information management for all forces.



strengthens information management for all Army forces. Through this strategy, the Army will develop a seamless, globally integrated, information architecture. To better sustain a deployed force, the Army has embraced split-based operations and total asset visibility. Split-based operations will allow a major part of the sustainment force to remain in the United States, supporting the deployed force through electronic data exchange. Supplies and equipment shipped to deployed forces will be tracked throughout the supply system by total asset visibility, using modern devices like bar codes and electronic tags. The Army will use information technologies that will upgrade its communications infrastructure under the Power Projection Command, Control, Communications, Computers, and Infrastructure program.

An especially exciting application of information technology is telemedicine — the investigation, monitoring, and management of patients using emerging information systems. Telemedicine improves patient care by increasing access to specialized medical facilities, services, and talent. Doctors serving with deployed forces can use high-resolution still imagery, video, data, and telecommunications to consult with medical experts in the United States. Telemedicine allows the medical commander to expand the use of valuable and critically short medical specialists for both deployed and fixed facilities.

The first Force XXI major command — the US Army Medical Command — was activated in October 1994. The new command streamlines and flattens the command and control structure of Army medicine, links missions to organizational structure, eliminates functional overlaps, inefficiencies, and operational voids. The command leverages information-based technology to create a seamless virtual organization linked to the field by telemedicine.

The Army's future is inextricably tied to space. The success of Force XXI will be critically dependent upon the exploitation of space assets, capabilities, and products across the entire spectrum of military operations. The Army is the largest user of space products; over 86 per cent of DoD requirements for global positioning systems belong to the Army; in Operation Desert Storm, the Army accounted for 73 per cent of military satellite communications. Space products are being used by the Army in every major operation it undertakes, both for war and military operations other than war. The Army conducts space and space-related activities that enhance operational support to warfighters

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and contribute to the success of Army missions. Space products provide a force multiplier essential to a power projection force. Information technology that enables success on the battlefield relies heavily on space solutions. Aggressive exploitation of space capabilities and products will ensure that the Army is able to maintain land force dominance well into the 21st century.

While no one can know the future with certainty, the Army must seize the opportunity to transform itself into a 21st century force if it is to remain ready to answer the nation's call in the new century. America's Army must be willing to accept prudent risks, experiment with new technologies, and break the mold as it moves into the future. Force XXI is the embodiment of the promise of the 21st century.

### **FORGING A STRATEGIC FORCE**

The Army is — and always has been — a strategic force, playing a central role in joint warfighting. The Army is the nation's historical force of decision. Force XXI will continue that role with a smaller, more lethal force that takes advantage of the revolution of information warfare. Of course, war is more than high technology. War's basic face has not changed. War is about soldiers in the mud, fighting for decisive victory for the United States. Winning wars requires land dominance and only an Army can dominate land. The Army's ability to fight and win the nation's wars, as well as to execute significant military operations other than war, rests on more than just the size of the force. Future success relies, in part, on elements sometimes overlooked in evaluating the Army's capabilities — elements the Army terms *strategic enablers*. The Army is most concerned with five strategic enablers: *quality soldiers and civilians, access to the National Guard and Army Reserve, a modernized force, strategic mobility, and a trained and ready force*.

It is no accident that the first of these strategic enablers embraces quality soldiers and civilians. Keeping quality people in the Army is a singular requirement of maintaining a quality force. To attract and retain quality people, America's Army must continue to focus on quality of life issues important to the men and women who serve the nation. Soldiers, Army civilians, and their families are concerned about military pay, retirement benefits, adequate health care, housing, support to families left behind when a soldier deploys, commissaries; morale, welfare, and recreation programs;

and the prospect of a full and rewarding career. Quality of life issues unique to National Guard and Army Reserve soldiers include re-employment rights, salary and benefit continuation on mobilization, and time off from work for training.

The Army continues to build on the quality soldiers recruited in the 1980s. As it nears completion of its steepest drawdown in decades, the Army has successfully met the challenge of maintaining quality personnel while reducing the force. America's Army largely achieved its accession and quality goals in fiscal year 1994, but tougher times lie ahead. Army recruiters are finding mission achievement increasingly difficult as they compete with civilian industry to attract a sufficient number of quality enlistees. The propensity among American youth to enlist in the armed forces has declined for the past three years and remains extremely low. Maintaining the force will require significantly higher enlistments beginning in fiscal year 1996. To attract the recruits it needs, the Army will employ a national advertising strategy and offer enlistment incentives, including the Montgomery GI Bill, the Army College Fund, and enlistment bonuses for specific military occupational specialties.

To date, America's Army has been very successful in maintaining a strong personnel readiness posture and in retaining quality soldiers. The Army met its fiscal year 1994 retention goals for both initial term and mid-career soldiers. Goals for active force



Quality soldiers and civilians are the most vital part of a ready Army.

soldiers transitioning to the Reserve Components were also met. The soldiers reenlisting today are the same high caliber individuals who enlisted three or four years ago. Retaining quality soldiers has been the key to current Army readiness and must continue into the future. However, just as retention becomes more important to the Army of the next century, it will likewise become more challenging. Frequent deployments have the potential to adversely affect retention. Perceptions of support by the Administration, Congress, and the public also play a large role in retaining a strong Army.

Maintaining the Army's role as a strategic force requires the full integration of the active Army, the Army National Guard, and the Army Reserve. When needed, the Guard and Reserve provide highly trained units and individual soldiers to support combat operations and military operations other than war. The Guard and Reserve provide capabilities not needed on active duty during peacetime, at significant savings. It is crucial that the Army have ready access to those units and individuals when the nation calls. The Army is restructuring and realigning functions between the National Guard and the Army Reserve. Restructuring and realignment, however, will not be enough. Like the active component, the Reserve Components must improve in capability, even as they decline in size. To improve unit and individual skills, the Army will associate 15 enhanced brigades from the National Guard with active Army combat units for training. The Army will ensure that these units receive sufficient resources to enable them to begin deployment to a crisis 90 days after mobilization.

The Army's modernization strategy has fundamentally changed to keep in step with the realities of today's environment. America's Army is executing a strategy of buying a limited number of new weapons, such as the Comanche armed reconnaissance helicopter and the Advanced Field Artillery System/Future Armored Supply Vehicle, while extending the lives and improving the capabilities of our existing systems. This recapitalization allows management of scarce modernization resources by foregoing investment. Inserting information technologies — a realistic and cost effective strategy for the near to mid-term — provides high payoff and significantly increases the power of proven weapons. Horizontal Technology Integration (HTI) is the application of enabling technologies across multiple systems to improve the warfighting capability of the force. The Army's major HTI effort is the digitization of the battlefield — applying digital technologies

across the force to effect an enhanced capability for all systems. Vertical Technology Integration (VTI) is the application of an enabling technology within a system to upgrade operational capability, to reduce cost, or to improve its warfighting capability. A good example of VTI is the Patriot Advanced Capability III program, which enhanced the operational capabilities of the Patriot air defense artillery missile system with an improved missile and adar, enhanced system emplacement capability, launcher notifications, and a remote launch capability. Despite the success of these upgrades, the Army will reach the point where additional technological insertions to today's systems will provide only marginal improvements to capabilities. New, replacement weapons systems must continue to be developed.

America's Army relies on strategic sea and airlift to move apidly with overwhelming force to any place on the globe. The Army Strategic Mobility Program meets this power projection challenge and provides a critical linkage to Navy, Air Force, and Maritime Administration strategic lift programs. The Army's strategic mobility capabilities are hinged on a critical triad consisting of pre-positioned unit equipment, strategic sealift, and strategic airlift, supported by world-class power projection installations.

The Army Pre-positioned Afloat (APA) package provides the critical sustained land combat power to counter the early risk generated between the commencement of hostilities and the arrival, by surge sealift, of the first two Army heavy divisions. It gives the Army the unique capability of establishing a significant armored force inland that is capable of operating great distances rom a port. In fiscal year 1994, the Army established an interim Army Pre-positioned Afloat package that is currently on station and ready to respond to major regional contingencies. These pre-positioned ships were used to deliver equipment to soldiers deploying to Southwest Asia in October 1994 for Operation Vigilant Warrior — clearly demonstrating the real-world application of this important program. Several pre-positioning ships provide equipment which, in addition to its wartime role, can be used to aid in disaster relief and humanitarian assistance. The Army demonstrated this capability during Operation Support Hope in Rwanda when three APA ships arrived in Mombassa, Kenya, within nine days of receiving orders.

The second leg of the triad is strategic sealift. The Mobility Requirements Study identified a requirement for nineteen large

In fiscal year 1994, the Army established an interim Army Pre-positioned Afloat package that is currently on station and ready to respond to major regional contingencies.



medium-speed roll-on roll-off (LMSR) vessels to be added to the Navy's fast sealift fleet by the year 2001. Eight of these ships are programmed for the Army's pre-positioned afloat package and the remaining eleven will be strategically berthed on the east, west, and Gulf coasts for surge deployment of heavy forces. LMSR conversion is progressing on five container ships, with delivery scheduled for fiscal years 1995 and 1996. Six contracts have been awarded for "new build" ships, with the first delivery in 1997. The Mobility Requirements Study recommended a total of 36 roll-on roll-off (RO/RO) ships be maintained in the Ready Reserve Fleet in a reduced operating status. The Maritime Administration currently has 29 RO/RO ships in the Ready Reserve Fleet. The Maritime Administration is reprogramming for the purchase of the remaining roll-on roll-off ships. Seven of the current 29 roll-on roll-off ships are being used for the interim APA until replaced by LMSR ships in 1996. The Military Sealift Command fleet also includes eight Fast Sealift Ships. The Navy's acquisition efforts and the Maritime Administration's initiatives have the strategic sealift program well on course.

The third leg of the triad is strategic airlift. Strategic airlift is a "must" for Army power projection. The Mobility Requirements Study validated the need to modernize airlift capability and validated the requirement for 120 C-17 Globemaster III aircraft.



Strategic mobility requires modern rail systems, airfield and port deployment operations, and installation storage facilities to ensure that the nation can project forces anywhere in the world.

The capabilities represented by the C-17 are critical to the Army's power projection requirements. The C-17 will allow strategic access to additional airfields world-wide, will carry outsize equipment like the M1 Abrams tank, and will enable faster force closure. Eleven C-17 aircraft have been delivered to the first operational squadron in Charleston, South Carolina. This squadron reached initial operational capability in January 1995.

The ability to deploy forces by air and sea does not equal a deployable Army. Success also depends on transforming Army installations into power projection platforms from which the Army prepares and deploys forces. Strategic mobility requires modern rail systems, airfield and port deployment operations, and installation storage facilities to ensure that the nation can project forces anywhere in the world. Deployed Army forces will be directly linked — via seamless communications and information management networks — to installations, which will provide sustaining supplies, equipment, and spare parts.

While the Army pursues the exciting possibilities of the future, it is ever mindful of the requirement to stay ready today. Recent events in Iraq, Haiti, Rwanda, and Korea are evidence that crises may erupt at any time — and that the nation may need to call on its Army. If that happens, the President will not ask if the

Army is ready. He will assume — and he has every right to assume — that the Army is ready to defend the nation, wherever and whenever needed. America's Army has maintained its steadfast commitment to quality training, but is facing many challenges in home station training during the downsizing of the force. Institutional training, which provides progressive development of soldiers throughout their careers, is facing a similar challenge as manpower and funds decline.

The concept of operational tempo (OPTEMPO) provides an estimate of the funds necessary for fuel, spare parts, and other recurring costs of unit home station operations, training, and maintenance. The methodology used to develop OPTEMPO requirements is an events-based, type unit-specific Battalion Level Training Model. Prior to fiscal year 1991, this methodology was supported by analysis of monthly unit status report data in conjunction with quarterly ground mileage and flying hour execution data. The Army continues to preserve funding for the active component fighting force at 800 tank miles per year and 14.5 flying hours per month.

*Readiness is more than OPTEMPO.* The Army Staff is working on a concept called Operational Readiness that will reflect the total cost of preparing a unit to go to war. As well as OPTEMPO, the new concept includes ammunition; training aids, devices, simulators, and simulations; ranges; maintenance; and power projection facilities. Operational Readiness codified Army policy that total readiness is more than just the equipment, operations, and force structure funds in the OPTEMPO account. It defines readiness with more rigor, and establishes a framework to more accurately assess and report readiness and resource execution. To further develop Operational Readiness and move it from concept to execution, the Army is revising its training strategies.

#### **ANSWERING THE NATION'S CALL**

The Army serves the nation in many ways. The Army's primary reason for existence is to fight and win the nation's wars. Because it prepares so strenuously for war, America's Army can also execute military operations other than war, which require the same well-trained, disciplined troops that the nation relies upon for combat. Since 1989, the Army has seen a three-fold increase in operational deployments abroad. Only the training, discipline, and high quality of American soldiers, their leaders, and Army

civilians has allowed America's Army to execute these missions successfully.

In fiscal year 1994, the Army saw an average of 16-24,000 soldiers operationally deployed to over 70 countries on any given day. As the Army has grown smaller, individual soldiers and units have been repeatedly deployed to execute combat operations and military operations other than war. The successful execution of these demanding operations are monuments to the versatility of today's force projection Army — an Army that has transformed itself while maintaining readiness and meeting increased operational commitments.

Operation Uphold Democracy in Haiti is illustrative of the versatility of America's Army today. The Army's operation in Haiti demonstrated the Army's ability to tailor itself to accomplish a large range of tasks, to project power on short notice to any part of the world, and to adapt its operations to a changed mission on even shorter notice. Operation Uphold Democracy demonstrated that force, or the threat of force, is still an important partner of diplomacy



Since 1989, the Army has seen a three-fold increase in operational deployments abroad. In fiscal year 1994, the Army saw an average of 16-24,000 soldiers operationally deployed to over 70 countries on any given day.

in today's changing world — and that America's Army provides the joint force commander with the force of decision. Haiti also demonstrated both an unprecedented level of joint operations and the operational concept of simultaneity. The successful activation of the Ready Reserve Force, a critical part of the nation's strategic sealift capability, was also exhibited. Finally, the operation saw the use of 21st century technology that foreshadows the promise of the future.

As it has since the end of World War II, the United States today maintains forces in an overseas presence to defend US interests and allies. Although this number is considerably smaller than that of only a few years ago, these soldiers' missions are just as important to the United States now as they were during the Cold War. In Europe, the Pacific, and the Western Hemisphere American soldiers deter aggression, strengthen alliances, promote stability, and maintain an American presence in regions vital to US interests.

The Army also serves at home. In fiscal year 1994 America's Army assisted survivors of the California earthquake and victims of floods in Alabama, Georgia, Florida, and Texas. Army soldiers supported the National Inter-Agency Fire Center, a joint operation of the Departments of Agriculture and Interior, in

Fighting fires in the West was one of the many ways the Army served the nation at home.



ighting wildfires in the western United States. America's Army makes a significant contribution to the Department of Defense effort in counter drug operations. On a daily basis, the active Army, National Guard, and Army Reserve contribute approximately 4100 soldiers to these operations. The Army is also an important player in the nation's efforts to control weapons of mass destruction. As it has been in the past, the Army continues to support small and small disadvantaged businesses throughout America. The Army also supports Department of Defense efforts to expand the Junior Reserve Officer Training Corps program and to establish Career Academies to assist at-risk students in the nation's secondary schools. Finally, through its participation in World War II commemorative activities, the Army honors its former soldiers and comrades in the other services.

*Serving the nation means many things. It means fighting the nation's wars, executing dangerous military operations other than war, and assisting at home. It means being good stewards of the nation's resources and the environment. It means instilling a sense of selfless service in every person in the Army and being ready to go when the nation calls. Today's power projection Army serves the nation every day, with quality soldiers and civilians working hard at home and abroad. America's Army — trained and ready!*

"I remain confident that the character of our Army, best expressed in the dedicated service of our soldiers, will guide us through the hardest choices and the most dangerous challenges."

- Secretary of the Army,  
Togo D. West, Jr.,  
October 1994.



*"In 1945, with the end of the Second World War, America began a major drawdown of its military forces. Five years later we were almost pushed off the Korean peninsula by a third-rate regional power. After Vietnam we had another big drawdown, and five years later the chief of staff of the Army proclaimed that we had a "hollow Army." Today, after the Cold War, we're beginning a third major drawdown. This time we've got to get it right."*

- Secretary of Defense William J. Perry, November 18, 1993.



## 2 TRANSFORMING AN ARMY

Today's United States Army is not the army of the Cold War, nor is it the army of Desert Storm. It is an army that has undergone — and continues to undergo — a profound transformation. That transformation takes many forms — from a forward-positioned Cold War army to a power projection force based largely in the United States, from an army of 18 active component divisions to one of 12 (soon to be 10) active divisions, from an army of 770,000 active component soldiers in fiscal year 1989 to one of 541,000 in fiscal year 1994 (moving to 495,000 in fiscal year 1996), and perhaps most importantly, from an army with roots in the industrial age to an army actively exploring the promise of the information age. The Army is restructuring itself into a 21st century fighting force, redesigning its fighting forces, experimenting with new technologies, and reengineering its sustaining base. In the 21st century Army, information will be almost as important as ammunition; the Army of the future will overmatch its adversaries by integrating state of the art information technologies with the weapons of today and tomorrow. In the midst of tremendous change, America's Army has reaffirmed its ethos as an institution centered on values and based on people, as well as its long-standing tradition of selfless service to the nation. As it faces the challenges and promises of the 21st century, America's Army has a vision: *America's Army, Trained and Ready, a Strategic Force, Serving the Nation at Home and Abroad, Capable of Decisive Victory, Today and in the 21st Century.* That vision guides the Army in its efforts to surmount the many challenges that lie ahead. The Army knows where it is going; it has a plan to get there; and it is fully embarked on that journey. This chapter will explore some important elements of this profound transformation.

**THE WORLD TODAY**

The United States finds itself in a world today that is very different from the one of just a few years ago. It is a world in which uncertainty has replaced certainty; a world in which a multi-polar environment has replaced a bi-polar one; a world in which the United States is the only remaining super-power; and a world which demands American leadership, despite the many challenges associated with that role. The threats that have caused the commitment of American forces since the end of the Cold War have been largely unanticipated, a fact which reemphasizes the value of the demonstrated versatility of America's Army.

The world has entered a period of radical and often violent change. America's 21st century Army will operate in a world in which it may be forced to engage enemies who operate outside the traditional structures and rules of warfare. Nuclear, biological, and chemical weapons are viewed as potential equalizers by terrorists and by states that cannot compete with the technology and wealth of the United States. A nuclear exchange remains the most potent — albeit unlikely — threat to US national survival. The potential for chemical weapons use remains high in the near to mid-term. While biological weapons remain a threat with the capability for great devastation, the potential for their employment is low during the near to mid-term. Threats to the United States today are more diverse and regionally oriented. Conflicts involving paramilitary forces, militias, rogue militaries, bandits, terrorists, narco-criminals and other non-state threats are an increasingly challenging threat. Regional powers possess powerful conventional armies that can threaten US interests or allies. The modernization programs of regional powers — combined with the proliferation of enabling technologies — are resulting in increased threats to US efforts to protect American interests. These changing threats will result in far more dangerous and lethal battlefields.

**A NEW NATIONAL SECURITY STRATEGY**

In July 1994, the Administration issued a new *National Security Strategy of Engagement and Enlargement*. This document recognizes that the end of the Cold War fundamentally changes America's security imperatives, bringing more diverse dangers in the world than in the past, while providing unparalleled opportunities to make the United States safer and more prosperous. Focusing on these new threats and opportunities,



"Our Armed Forces are the backbone of our national security strategy. They stand behind our efforts to maintain peace and security all around the world."

- President William J. Clinton  
December 1, 1994.

the new strategy's goals are to sustain national security with military forces that are ready to fight, to bolster America's economic revitalization, and to promote democracy abroad. The document envisions making a difference in the world through *engagement* — carefully tailored to serve US interests and priorities — and *enlargement* —fostering the community of market democracies while deterring and containing a range of threats to the United States, its allies, and American interests. There are three central components of the strategy: to enhance US security by maintaining a strong defense capability and promoting cooperative security measures; to work to open foreign markets and spur global economic growth; and to promote democracy abroad. US military capabilities are critical to the success of this strategy, which envisions robust and flexible military forces that can deal with major regional contingencies, provide a credible overseas presence, counter weapons of mass destruction, contribute to multilateral peace operations, and support counterterrorism and other national security objectives. Today's trained and ready, highly versatile Army is key to achieving our nation's goals.

#### **THE ARMY'S ROLE IN NATIONAL DEFENSE**

As the United States moved from a Cold War strategy of containment to a post Cold War strategy of engagement and

enlargement, the Army changed to execute this new strategy and to prepare itself for the challenges of the 21st century. America's Army is a true power projection army, with tremendous versatility and staying power. The Army gives the President and Secretary of Defense the option of employing tailored infantry, armored, airborne, air assault, and special operations forces to meet crises anywhere in the world. Most Army forces today are located in the United States. Supported by the Air Force and Navy, the Army can project and sustain a ground combat force anywhere in the world. As the strategic core of a joint or combined team, America's Army is the nation's force of decision.

The Army plays a unique role in the defense of the nation. The nation requires a technologically enhanced land combat force that is ready, deployable, and versatile; a force that can respond to a variety of missions; a force that can rapidly deploy, fight, and win. America's Army is that force. Only the Army has the assets and the staying power to operate over an entire battlefield and bring a conflict to a successful conclusion, regardless of the opponent or region of the world. Military power is used to *compel* an adversary to accede to the will of the United States; it is used to *deter* opponents from actions inimical to the United States; finally, military power is used to *reassure* US allies, demonstrate US capabilities, promote stability, and contribute to the nation's ability to influence world events. As the strategic core of US forces for joint or multinational operations, America's Army fulfills all these roles.

In most nations, armies are the foundation of military forces. While virtually every nation state has an army, navies and air forces are traditionally add-ons that reflect a nation's geography, wealth, and regional goals. This means that America's Army, as the counterpart to the armies of other nations, is an indispensable tool to influence the policies and practices of other nations, through nation assistance, army-to-army contacts, security assistance, and shared training.

Wars are won on the ground. Success or failure of the land battle typically equates to national success or failure. The culminating or decisive action of a war is most often conducted by land forces. For example, Iraq sustained 41 days of intense air attack during the Gulf War without withdrawing from Kuwait; the ground war was decisive in achieving coalition goals. *Successful military operations require the control of the air, sea, and land, but*



"Well, you can talk all you want about it, but if you see troops on the ground you know America means business."

- A soldier deployed to Kuwait,  
October 1994.

*America's ability to impose its will depends on its ability to control the land.* People live on land; they raise families, grow crops, and manufacture goods on land. Most economic activity is land-based. The application of military force on land is an action an adversary cannot ignore; it forces a decision. The Army is the only service capable of prompt and sustained land combat operations; its unique contribution to the joint team is the ability to dominate the land, including populations and other resources. Committing the Army commits the nation. There is no more visible symbol of the determination of the United States to prevail in a situation than the sight of an American soldier on the ground. The Army — and only the Army — provides the nation a force of decision.

#### A SMALLER ARMY

The Army today is much smaller than it was during the Cold War or Operation Desert Storm. From 770,000 soldiers in 1989, the Army's active component strength has declined by 239,000 to 541,000 at the start of fiscal year 1995; it will further decline to 495,000 by fiscal year 1996. The Army's civilian strength has similarly declined, from 403,000 in fiscal year 1989 to 280,000 at the beginning of fiscal year 1995. Civilian strength is projected to further decrease to 233,000 by fiscal year 2001. The strength of the National Guard decreased by 12,991 in fiscal year 1994 to

396,928 and Guard strength will decline further. The Army Reserve's strength declined by 16,044 in fiscal year 1994 to 259,856. By 1998, Army Reserve strength will be at 208,000, a 35 per cent reduction from its 1991 high.

Cuts in Army force structure have accompanied personnel strength reductions. Between fiscal years 1989 and 1994, the Army eliminated one corps, six active component divisions, and two National Guard divisions. To correspond to reductions within the Army's combat forces, a significant reduction also occurred in active and reserve component combat support and combat service support units. The Army Reserve inactivated 339 units in fiscal year 1994 and reorganized or activated 507 units; a pending restructuring will eliminate 40 per cent of its command and control units. Another two active component divisions will be eliminated by fiscal year 1996, by which time reserve component restructuring will also be complete. As part of this restructuring, most Army Reserve aviation assets will migrate to the National Guard. The Guard and Reserve will exchange about 128 units between fiscal years 1995 and 1997, placing most reserve component ground combat units in the National Guard while migrating some combat support and combat service support units to the Army Reserve.

The composition and size of the Army are based on the requirements of the emerging National Military Strategy. Today's Army has four active corps, 12 active component divisions, and eight National Guard divisions. America's Army today is a regionally oriented, rapidly deployable force capable of protecting US interests worldwide, based primarily in the United States and focused on crisis response by means of tailored force packages. While the crisis response contingency forces will be drawn primarily from the active component, they will require significant reserve component forces to sustain them in combat. National Guard and Army Reserve forces will be critical to victory in protracted warfare. Fifteen National Guard enhanced readiness brigades will be based in the continental United States for crisis response. Eight National Guard divisions will serve as a strategic reserve to expand the Army should the need arise. A basic consideration in determining the proper mix between the active and reserve components is the required availability for deployment. Required availability drives required unit readiness and is dependent on warning and response time. Active component forces overseas stand as a ready commitment to US allies and a ready deterrent to potential adversaries, while active component contingency forces are



"We have, as I see it, three major kinds of demands on our military forces. The first of those is to have a force which is capable of fighting and winning a major conflict if we ever get into one ... Secondly, we have military forces capable of going into contingency operations where what is at stake is not war, ... but a military action to gain some diplomatic or political objective ... The third use to which our military force is put sometimes are humanitarian needs."

- Secretary of Defense

William J. Perry

November 3, 1994.

needed for rapid deployment in the face of crisis. Selected reserve component units will be required to maintain a high state of readiness in order to augment and assist early-deploying active component units.

In December 1994, the Secretary of the Army and Army Chief of Staff announced details of a plan to restructure the active component Army from 12 to 10 divisions as directed by the October 1993 Bottom-Up Review. To be implemented in fiscal years 1995 and 1996, the plan stabilizes the force at an active duty end strength of 495,000 soldiers. The plan calls for inactivating two continental army headquarters, three combat brigades, and two division headquarters and their divisional troop units. It also moves two air defense artillery brigades and an armored cavalry regiment to new locations. The 10 division active component Army of fiscal year 1996 will have four light divisions and six heavy divisions. Some divisions will have one brigade stationed at a different location than the division headquarters. The overall stationing rationale was to maximize training land availability for the active

and reserve components, mutual support of collocated units, and force projection capabilities — while maintaining battlefield lethality and strategic responsiveness.

Implementation will begin immediately. Two brigades — the 194th Armored Brigade (Separate) at Fort Knox, Kentucky, and the 3rd Brigade of the 25th Infantry Division at Schofield Barracks, Hawaii — will be inactivated by September 1995. The 1st Brigade, 7th Infantry Division (Light) at Fort Lewis, Washington, will be realigned as the 3rd Brigade of the 25th Infantry Division. Realignment of the continental US armies — units that provide regional oversight for reserve component training and mobilization and have domestic disaster assistance responsibilities within the continental United States — will also be completed in fiscal year 1995. The 1st US Army at Fort Meade, Maryland, and the 6th US Army at The Presidio, San Francisco, will be inactivated. Oversight of reserve component units' training and readiness will be consolidated at the remaining two continental army headquarters — 2nd US Army at Fort Gillem, Georgia, and 5th US Army at Fort Sam Houston, Texas.

The drawdown will continue through fiscal year 1996 with the inactivation of the headquarters and supporting units of the 1st Infantry Division (Mechanized) at Fort Riley, Kansas, and the 4th Infantry Division (Mechanized) at Fort Carson, Colorado. One brigade at Fort Carson will also be inactivated. The brigade remaining at Fort Carson will fall under the command of 2nd Armored Division at Fort Hood, Texas. The two brigades remaining at Fort Riley will be aligned with the 1st Armored and 3rd Infantry divisions stationed in Germany. Some division and subordinate unit designations may change, following an ongoing review of lineage and honors by the Army Center for Military History.

Also in fiscal year 1996, the 3rd Armored Cavalry Regiment, currently stationed at Fort Bliss, Texas, will move to Fort Carson and will share that post with the brigade that is to remain there. The 108th and 31st Air Defense Artillery brigades — now stationed at Fort Polk, Louisiana, and Fort Hood, Texas, respectively — will move to Fort Bliss to create an Air Defense Center of Excellence.

Four corps headquarters will remain in the Army force structure: I Corps at Fort Lewis; III Corps at Fort Hood; V Corps in Germany; and XVIII Airborne Corps at Fort Bragg, North Carolina. Three armored cavalry regiments will also remain: 2nd Armored

Cavalry Regiment (Light) at the Joint Readiness Training Center, Fort Polk; the 3rd Armored Cavalry Regiment at Fort Carson; and the 11th Armored Cavalry Regiment at the National Training Center, Fort Irwin, California. Finally, all 10 of the residual active divisions will be fully structured with three active divisions.

### THE RESOURCE CHALLENGE

More than any single factor, resources affect the Army's capabilities, readiness, and effectiveness. A quality Army — prepared to execute the variety of operations which the nation demands — costs money. The dollars on which the Army depends have steadily decreased in real terms. The Army's total obligation authority has declined 36 per cent since fiscal year 1989. Not only have total resources declined, but the Army's share of the Department of Defense budget has also declined over the same period. During the period of these reductions, operational deployments increased 300 per cent.

This decline in resources is one of the Army's toughest challenges. Sustaining a quality force in fiscal year 1996 within the Army's dollar constraints requires Army leaders to make difficult choices between operational readiness and a needed investment in modernization and future readiness. Readiness is the Army's first priority, but it is becoming more and more difficult to keep readiness programs adequately funded. In fiscal year 1996, the Army has fully funded active component operational tempo, but the budget seriously underfunds many other readiness programs, such as general support maintenance of equipment, flight operations centers, real property maintenance, and training ranges — all part of Army base operations. This disparity between funding operational tempo and other readiness programs may result in the migration of funds from operational tempo during the year of execution.

Contingency operations like those in Rwanda, Haiti, and Kuwait present special resource problems. Gearing up for, executing, and standing down contingency operations divert substantial amounts from other accounts and cause a cascading effect that impacts the entire force, even when Congress responds quickly with supplemental appropriations or when the cost is borne largely by allies. To avoid paying for contingency operations by mortgaging current and future readiness, the United States needs a better method of funding contingency operations that reduces

Gearing up for, executing, and standing down contingency operations divert substantial amounts from other accounts and cause a cascading effect that impacts the entire force, even when Congress responds quickly with supplemental appropriations or when the cost is borne largely by allies.



this adverse impact on operations and training. To support contingency operations in fiscal year 1994, Congress approved a supplemental appropriation. However, contingency costs exceeded the supplemental funding provided. In addition, the President provided \$56.8 million in Foreign Assistance Act "drawdown" authority, which requires the services to provide equipment and services to participating foreign nations "out of hide," further exacerbating the readiness impact. To execute Operation Uphold Democracy in Haiti, the Army was forced to invoke the Feed and Forage Act in the amount of \$127 million. To accommodate contingency costs, the Army withheld \$140 million from major Army commands, which diverted funds from training and quality of life programs and delayed, deferred, or canceled programs having a direct readiness impact. Unit training was reduced in scope or canceled; certain training courses were canceled; non-tactical vehicle maintenance was reduced and maintenance contracts were canceled; and the purchase of all but priority repair parts was severely curtailed. Quality of life suffered as real property maintenance was deferred to pay civilian salaries and other non-discretionary costs, such as transportation

of supplies and equipment. While deferred maintenance can be performed eventually and spare parts can be purchased later, lost training opportunities are gone forever.

As Army forces return from forward bases to the United States, units are being stationed at aging posts where the infrastructure is often inadequately resourced. Some quality of life programs, such as child development and family support, are adequately funded, but many other important programs, like Whole Barracks Renewal and Family Housing Revitalization, are not. Central support activities that impact directly on unit readiness, like depot maintenance and logistics operations, are also underfunded. These activities involve rebuilding and repairing equipment and components, transporting, supporting, securing, and deploying the Army worldwide. Resource constraints have required that the Army defer procurement of modern replacement systems, a practice that increases operation and maintenance expenses, particularly in aging equipment. Slower modernization also adversely impacts the cascading of modern equipment to the National Guard and Army Reserve, thus prolonging the current force incompatibility problem. Modernization of the telecommunications infrastructure required to support these central support activities is also underfunded. Continued resource constraints prevent the timely replacement of obsolete communications equipment and cable plant. As modernization resources continue to decline, critical industrial base capabilities are being lost, particularly smaller sub-contractors and vendors who provide key high technology components. This adds to future weapons systems costs and development time, but more importantly increases the cost of spare parts for fielded systems and directly impacts Army readiness.

*In order to stay ready to respond to the nation's call, the Army needs a level of stability in resources. Readiness is the Army's first priority, but it is becoming more and more difficult to keep readiness programs adequately funded. If this decline in resources continues in the out years, the Army's readiness and the quality of the future force will be at risk.*

### **ROLES & MISSIONS**

A congressionally mandated commission appointed by the Secretary of Defense is currently reexamining the roles, missions, and functions of the military services. In its communications with

the commission, the Army has emphasized its commitment to joint operations and the unique capabilities the Army brings to the joint team. America's Army will provide the commission the full benefit of its institutional and intellectual experience regarding the nature of modern warfare and the employment of military forces in the world today. The Army has participated fully in the identification of the issues the commission will review. Army leaders believe that the commission's overriding concern must be the enhancement of the nation's warfighting effectiveness; the commission should not allow near-term budget challenges to deflect its focus from long-term requirements.

## DOCTRINE

**Doctrine -- the statement of how America's Army, as a member of the joint team, intends to conduct war and military operations other than war -- is the Army's engine of change.**

Doctrine — the statement of how America's Army, as a member of the joint team, intends to conduct war and military operations other than war — is the Army's engine of change. Intellectual change occurs first, followed by organizational and physical change. Doctrine facilitates communications within the Army, establishes a shared professional culture and approach to operations, and serves as the basis for curriculum in the Army school system. Permeating the entire Army organizational structure and setting the direction for modernization and the standard for leadership development and soldier training, doctrine must be definitive enough to guide specific operations, yet remain adaptable enough to address diverse and varied situations worldwide.

Joint publications provide the fundamentals for the development of subordinate joint and service concepts and doctrine, tactics, techniques, and procedures. America's Army continues to play a major role in the development of joint doctrine. Of the 100 joint doctrinal publications, 49 have now been approved; 9 are under revision; and 42 new publications are under development. The Army is the lead agent for 26 joint publications. Joint doctrine is primarily focused on warfighting. However, with the increased involvement of the United States in military operations other than war, emphasis is now being placed on the development of doctrine for such activities as peace operations, disaster relief, and foreign humanitarian assistance operations. Consistent with its mission to provide forces for sustained land operations, the Army leads the doctrine community in doctrine development for military operations other than war.

Eighteen months ago, the Army completed updating its key warfighting manual, Field Manual 100-5, *Operations*. This updated manual established a doctrine of full dimensional operations, stressing principles to be learned and understood, then relying on the art of battle command to apply these principles in war or military operations other than war. *Operations* is the basis for all other doctrinal development in the Army. That development continues apace, as the Army revises all subordinate publications to reflect the doctrine of the new field manual.

Of particular importance at this time is the development of doctrine for information age warfare. The US Army Training and Doctrine Command is leading the way in this effort. The importance of information warfare is clearly demonstrated with the work on Field Manual 100-6, *Information Operations*. This new field manual describes these activities as continuous, combined arms operations that enhance and protect the commander's decision cycle while adversely influencing his opponent's. This is the first intellectual step towards a new doctrinal paradigm of knowledge-based operations enabled by information age technology. The emerging doctrine stresses the importance of disrupting the enemy's decision cycle through attacks on his command and control systems. These coordinated attacks use the elements of electronic warfare, physical destruction, psychological operations, deception, and operational security. At the same time, the doctrine emphasizes the requirement to increase the speed and accuracy of the friendly decision cycle through enhanced command and control. The combination of attacking an adversary's use of information while enhancing and protecting friendly information provides a decisive advantage.

The importance of installations to the future army is reflected in the pending publication of the Army's first manual on installation management. Field Manual 100-22, *Installation Management*, establishes doctrine for core installation management functions. It explains garrison commanders' responsibilities to train, mobilize, deploy, sustain, support, recover, and reconstitute operating forces. Garrison commanders are now centrally selected and assigned based on record and experience. Garrison command selectees attend a course specifically designed to focus on installation readiness duties and the actions required to deploy and sustain the 21st century Army, to administer quality of life programs, and to maintain Army installations as models of public administration.

## CHANGING THE WAY THE ARMY CHANGES

To translate intellectual change into reality, the Army created Louisiana Maneuvers (LAM) and Battle Labs. Now entering its third year, the Louisiana Maneuvers process has become institutionalized as a means for the Army's leaders to take charge of the process of change. In the broadest sense, the Louisiana Maneuvers process does four things. First, it provides a mechanism for Army leaders to identify the most important new ideas and questions to be resolved. Second, it establishes the basis for reaching a consensus among Army leaders. Third, using a wide variety of investigative tools, it causes those new ideas to be studied. Finally, Louisiana Maneuvers provides accelerated feedback to Army leaders. LAM will coordinate and synchronize the Army's efforts to move toward the 21st century, a process discussed in more detail in Chapter 3, while keeping Army leaders focused on the critical issues for change. LAM plays a central role in fostering innovation throughout the Army.

Army Battle Labs were established in 1992 as a means to experiment with changing methods of warfare, a means by which the Army can rapidly develop requirements for the power projection Army. Battle Labs provide the opportunity to integrate requirements and developments and to explore new warfighting concepts. Organized along battlefield dynamics, Battle Labs explore areas where there appears to be the greatest potential for change from current concepts and capabilities, and simultaneously, the areas where new concepts are emerging. There are six Battle Labs under the US Army Training and Doctrine Command. Battle Labs (and their areas of expertise) are at Fort Monroe (Early Entry), Fort Sill and Fort Bliss (Depth and Simultaneous Attack), Fort Knox (Mounted Battlespace), Fort Benning (Dismounted Battlespace), Fort Leavenworth, Fort Huachuca, and Fort Gordon (Battle Command), and Fort Lee (Combat Service Support). Battle Labs experiment with warfighting concepts using a mix of progressive and iterative simulations, as well as scenarios conducted with soldiers and units in tactically competitive field environments. Insights resulting from Battle Lab experiments reveal whether the concept being tested improves lethality, survivability, or tempo of operations.

The Army's institutional base plays a key role in transforming the Army. The US Army Training and Doctrine Command (TRADOC) prepares the Army for war and serves as the architect

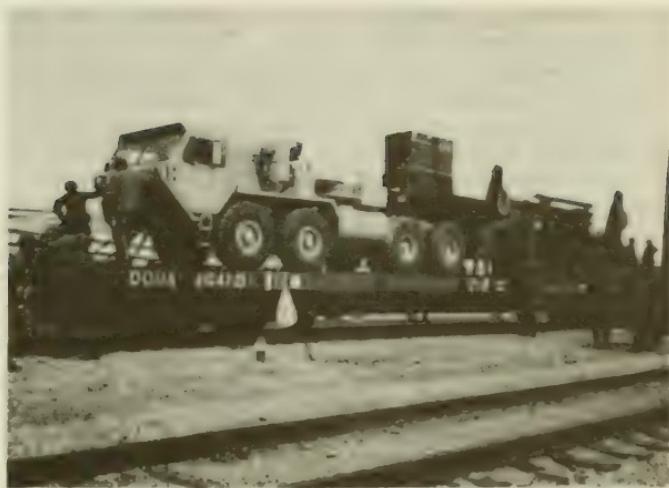
of the future Army. The command supports operational forces, warfighting commanders-in-chief, soldiers and their families, and power projection installations. It also writes the Army's doctrine and trains Army soldiers — from cadets and recruits to senior officers and noncommissioned officers. This major Army command's 26 Army schools —along with the Reserve Officer Training Corps and Army Battle Labs— form the Land Warfare University concept. The importance of sustained commitment to training and leader development cannot be overstated. The Land Warfare University is the institutional base from which the Army prepares for war and integrates land force capabilities. The Army has been successful in recent operations such as Just Cause, Desert Storm, and Uphold Democracy because it made a two-decade commitment to reforming both institutional and operational training. However, past successes do not guarantee future capabilities. Because doctrine touches all parts of the Army and serves as the engine of change, the Land Warfare University concept is the essential link between doctrine and the Army. TRADOC provides the Army answers to the questions of today and tomorrow — the right doctrine, the right equipment, the right training, and, the right organizations.

### THE CHANGING ROLE OF ARMY INSTALLATIONS

Just as the Army has transformed itself into a power projection force, its installations have also changed. Always home to the force, Army installations have become platforms from which forces will be projected to any part of the world. Army readiness demands a balance that includes quality soldiers and installations. Installations directly support the Army's ability to recruit and retain quality soldiers and civilians; its ability to train and maintain the force; and its ability to project and sustain the force.

Installation workers, facilities, and training areas are critical to force projection readiness. Recruitment and retention of quality soldiers and civilians are directly related to quality housing, quality medical support; quality Morale, Welfare, and Recreation facilities and activities; post exchanges, commissaries, and family programs. The training and maintaining of the force is tied to the abilities of Army installations to provide ranges, training facilities, simulators and training devices, general support maintenance, and depot maintenance and repair, as well as other vital logistical support. Training lands are essential for mission readiness; Army installations are totally integrating environmental stewardship with

Army installations today have become platforms from which forces will be projected to a part of the world.



operations and training to preserve the natural and cultural resources on Army posts. The projection and sustainment of the force is dependent on upgraded rail and transportation networks, upgraded airfields, and available storage at Army installations; railheads, airfields, and sea ports are being upgraded to meet these needs.

Installation commanders face many challenges. Underfunding for many years is taking its toll in a variety of areas, from physical plant to quality of life. Environmental bills are "must pay" accounts. Resource constraints prevent the modernization of the communication infrastructure in support of power projection forces at home or deployed. To meet these challenges, installation commanders will retain the Army's best facilities, while divesting unneeded infrastructure to avoid the high maintenance costs. Commanders will also achieve partnerships for facilities and services with local communities to improve operations and efficiency.

#### **REINVENTING THE ARMY**

While retaining and improving the programs that have successfully built a ready Army, the Department of the Army is fundamentally changing the way it does business. The Army is at

the forefront of government in its implementation of National Performance Review (NPR) initiatives. The NPR and its DoD component, the Defense Performance Review, created an environment for change to which the Army is responding. Across the board, America's Army has institutionalized a quality approach to managing change. The Army has begun to "reinvent" the Departmental headquarters and those commands whose missions are to man, train, equip, maintain, or sustain our fighting units. Much as civilian businesses have become more efficient by modifying internal operations, the Army seeks to husband scarce resources better by fundamentally reexamining the way its headquarters and supporting commands function. Emphasis is being placed on financial stewardship at every level. All reasonable avenues are being explored to provide installation commanders an opportunity to avoid costs and generate revenue. These include reviewing business practices, revising Army policies, and proposing legislative changes, where applicable. The Army is also making fundamental changes in the way it develops, acquires, and fields new capabilities. The goal is to eliminate non-productive costs, thereby dramatically improving the development, testing, acquisition, and fielding of weapons and information systems. By emphasizing the horizontal integration of new technology, the Army is leveraging its research and development resources to save time and money.

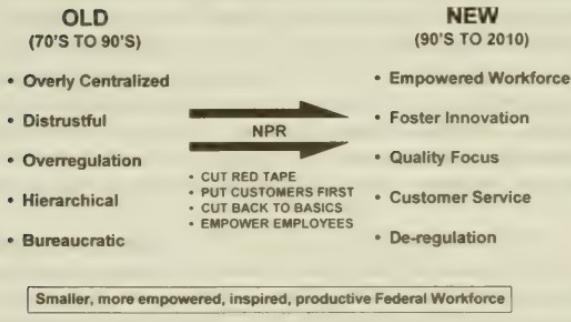
"These are exciting times. The Army has changed and it is still changing. We have established the processes and mechanisms to institutionalize innovation throughout the Army. We have taken the first steps on the road to creating America's Army of the 21st century."

- General Gordon R. Sullivan  
October, 1994.

#### THE NATIONAL PERFORMANCE REVIEW

The National Performance Review is designed to make government work better and cost less. It is a vehicle that allows intellectual and structural change of the type that the Army is engaged in as it prepares for the 21st Century. The National Performance Review challenges the Army to shift from rules to results, to insist on customer satisfaction, to decentralize authority, and to focus on core missions. These tenets are particularly challenging — but also particularly apropos — because their implementation is taking place concurrently with the continuing transformation of the Army to meet the demands of the 21st century. The Army has applied these tenets across the board to its reinvention initiatives. The results, while far from complete, are promising.

## “REINVENTING GOVERNMENT”



Through a provision chartering reinvention labs, the National Performance Review process allows the Army to test new ways of doing business. As of November 1994, the Army has 15 reinvention labs, out of a DoD total of 58. These labs demonstrate immediate benefits of freedom from red tape and provide incentives to operate more efficiently. The Army's premier reinvention laboratories are the Battle Labs of the US Army Training and Doctrine Command. These cutting-edge laboratories demonstrate the art of the possible through the linkage of live, virtual, and constructive simulations into a synthetic environment that closely mirrors reality. All major Army commands are working on reengineering and redesign initiatives from the Defense Performance Review. The US Army Materiel Command, the US Army Corps of Engineers, and the US Army Medical Research and Materiel Command have six reinvention laboratories that are institutionalizing a quality approach to managing organizational change. The newly-activated US Army Medical Command is serving customers better at significantly reduced cost by use of electronic data interchange technologies and is sponsoring the first-ever Army real time, worldwide interactive medical imagery consultation service. As the heart of a power projection army, US Army Forces Command is radically reengineering its approach to business and has been designated an Army Reinvention Center.

Waivers are an important tool in the Army's efforts to implement National Performance Review initiatives. In August

1994, the Secretary of the Army implemented a new policy to waive restrictive Army regulations that impeded good business practices. As of November 1994, the Army has 23 waivers, including 21 acquisition waivers out of a DoD total of 68. Only the Secretary or Under Secretary of the Army may disapprove requests for waivers. Of major assistance in this area is the waiver by the Secretary of Defense of significant Army portions of Department of Defense acquisition regulations and a relaxation in some current DoD policies of mandatory reviews of all solicitations and contracts.

Many Army agencies have been doing extraordinary things to make things work better and cost less. Recognized as "Heroes of Reinvention" by Vice President Gore, nine Army agencies (out of 23 total for DoD) were singled out nation-wide in September 1994 with the Hammer Award — symbolizing extraordinary accomplishment and success in smashing bureaucracy and cutting red tape.

One of the Army's priorities is to seek new ways of thinking and doing business in a concerted effort to improve efficiency and effectiveness. The Army's ability to generate, test, and implement new and innovative ways to do business will be important in conserving and focusing resources for America's 21st century Army.

#### TOTAL ARMY QUALITY

The intent of the National Performance Review — according to Vice President Gore in May 1993 — was to bring to the Federal government the "quality revolution" that pervaded business and industry in the late 1980s and early 1990s. In that same time period, America's Army had already made great strides toward the institutionalization of Total Army Quality (TAQ); the Army continues to move towards universal TAQ implementation. In 1992, the Army adopted Total Army Quality (TAQ) as its management philosophy. In February 1993, the Army published a concept plan for implementation, *Leadership for Total Army Quality*, which defined the methodology, tools, and techniques to perform systematic analysis of organizations and business practices to achieve desired improvements. TAQ is established in all major Army commands, most of which have established command visions and guiding principles and have developed a structure to manage change within the organization.

The Army's efforts to imbed TAQ are beginning to pay big dividends. In fiscal year 1994, the Army nominated five Army organizations for the President's Quality Awards, which recognize organizations that demonstrate exceptional results. For the first time in the history of the award, an Army organization, the US Army Tank-Automotive Research, Development, and Engineering Center (TARDEC), won the Quality Improvement Prototype Award. The Red River Army Depot was recognized as a finalist for an award as well. Again for the 1995 awards, the Army continues to set the pace for the Department of Defense and the rest of the Federal government. Ten finalists for the 1995 awards were recently announced; of the six for DoD, three were Army organizations. TARDEC was selected as a finalist for the prestigious President's Award for Quality, while Red River Army Depot and the Armament Research, Development, and Engineering Center were also selected as award finalists. Each of the three organizations will be visited by an examiner team prior to selection of the final award recipients.

#### ARMY COMMUNITIES OF EXCELLENCE

For over six years, installation commanders have used a process called Army Communities of Excellence to improve customer service and facility excellence at Army installations by setting standards, making assessments, and rewarding excellence.

The Army Communities of Excellence program is designed to improve customer service and facility excellence at Army installations world-wide.



Through this process, customer service to everyone who lives, trains, or works on an Army installation is assessed to encourage excellence. An annual competition assesses the entire community support provided to soldiers and Army civilians, with cash incentives awarded to communities that demonstrate excellence in customer service. During fiscal year 1994, the Army established an electronic "Sharing Good News" bulletin board that allows excellent installation initiatives identified during the Army Communities of Excellence process to be passed to all Army installations.

#### ACQUISITION REFORM

The Army, working closely with the Department of Defense and the other Services, has been the pace-setter in bringing about acquisition reform. Competent leaders armed with new and more powerful acquisition tools enabled the Army to acquire new equipment in ways that make good business sense and save the taxpayer money. Even before DoD acquisition streamlining embraced commercial standards, the Army limited use of unique military specifications in Requests for Proposal and contracts to exceptional cases. The Army's Advanced Technology Demonstrations and Advanced Concept Technology Demonstrations, designed to flesh-out new and emerging technologies, allow the Army to experiment before making large investments. The Army is focusing its technology program on Army-specific requirements; where commercial technology is applicable, the Army will acquire the latest technologies from the commercial sector. By using a tool called Horizontal Technology Integration, the Army applies enabling technologies across multiple systems to improve warfighting capability. An initiative called the Federated Laboratory of the Army Research Laboratory leverages industrial investment and technology in the technology development process and provides concepts early in the program development cycle by using Army laboratories, Battle Labs, industry labs, and academia. Dynamic and distributed interactive simulation provides the opportunity to link many participants in real time to the same data base.

Army acquisition reform efforts are directly linked to initiatives in the National Performance Review. To cut red tape, the Army has implemented direct resourcing of Program Executive Officers and Program Managers, eliminated unique government requirements for Army contracts, mandated the use of national and international technical standards, reduced data and

**Army acquisition reform efforts are directly linked to initiatives in the National Performance Review.**

management reports in Army contracts, and established preference for commercial items. The Army is putting the customer first by implementing the Army Science and Technology Master Plan, by expanding commercial acquisition practices, and by developing a rapid acquisition process for Battle Lab successes. Authority has been decentralized by delegating reprogramming authority to Program Executive Officers and by developing charters defining the relationship between the Army Acquisition Executive and Program Executive Officers. The Army has trained 5000 Army and contractor acquisition personnel on the Army's new streamlining philosophy and practices and is developing career path training programs for Army acquisition personnel. The Army has returned to core missions by restructuring Army laboratories and Research, Development and Engineering Centers; 20 per cent of the research, development, test, and evaluation personnel infrastructure will be reduced between 1994 and 2001.

Significant acquisition successes have been fostered by streamlining and reengineering acquisition programs. Streamlining shortens the process by getting a program through the phases and decision points quicker. Reengineering qualitatively changes the acquisition process by using modeling and simulation. A good example of streamlining is the Army's new training helicopter, 32 of which were delivered within one year of the contract award. The new helicopter used commercial off-the-shelf components rather than government unique standards, resulting in significant dividends, primarily in lower flying hour costs. Similarly, an aggressive non-developmental item strategy allowed the Army to buy off-the-shelf technology for the Precision Lightweight Global Positioning System at a cost reduction of 96 per cent over that of a fully militarized system. As an example of reengineering, computer aided design/computer aided manufacturing techniques were employed to design the Comanche armed reconnaissance helicopter and to test very early the flight dynamics and aviation software packages. Comanche incorporated the commercial aviation technique of "test and use" prototyping, replacing the highly expensive practice of developing "throw away" models. Plastic encapsulated microcircuit technology replaced ceramic encapsulated microcircuits, which had long been required by obsolete military specifications and standards. These innovative techniques allowed the Army to continue this vital program in the face of declining resources. Another reengineering success story is Cooperative Research and Development Agreements (CRDA), a new mechanism for the development and transfer of technology

between the Army, academia, and private industry. In the 416 agreements that currently exist, the Army provided purpose and overhead while academic and industry scientists and engineers participated in the research for technological advancements. The Army has more CRDAs than all of the other services combined. These are but a few of the approaches the Army is taking to reform the acquisition process, producing significant savings in both time and money.

#### THE CHIEF FINANCIAL OFFICERS ACT OF 1990

America's Army is transforming its financial management in line with the Chief Financial Officers (CFO) Act of 1990. As the first Department of Defense element to participate in a pilot project under the act, the Army has broken new ground. Examples of Army-led initiatives include a revised physical inventory policy, the valuation of assets, the identification of macro outcome-oriented performance measures, and the revamping of the Army's approach to management control. The Army has established a Senior Level Steering Group to prioritize, develop, and monitor courses of action to correct audit issues and to develop plans to proactively implement the CFO. Three annual reports, encompassing all Army operations for fiscal years 1991, 1992, and 1993, have been produced, with readiness as their focus. The functional elements of readiness — force structure, manning, equipping, training, mobilization and deployment, and sustainment — provide the framework for describing the Army's missions, significant events, goals and objectives, and performance measures. To improve its performance, the Army is reviewing its operational procedures, disciplining existing practices, and improving the integrity of program data.

#### THE GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993

The Government Performance and Results Act (GPRA) of 1993 builds on the legislative mandate for the systematic measurement of performance and the integration of functional programs and financial data that began with the Chief Financial Officers Act. It is a major step in the transition to more outcome-oriented program management and performance budgeting. As a leader in implementation of the CFO Act and a dedicated steward of public resources, the Army is well positioned to set the standard for Department of Defense implementation of the GPRA. In 1994, the Office of Management and Budget approved the Army

Research Laboratory and the Corps of Engineers' Civil Works Operations and Maintenance Program as pilot projects in performance measurement beginning in fiscal year 1995. Upon final approval of a third Army nominee — the Army Audit Agency — three of the six Department of Defense performance measurement pilots for fiscal year 1995 will be Army activities.

#### WHAT HAS NOT CHANGED

Despite the many changes that the Army has experienced since the fall of the Berlin Wall, the essence of the Army—its values, its professional ethos, its basis in the Constitution and the laws of the nation — has not changed. America's Army is rooted in democracy. The Army has always been — and will continue to be — a values-centered institution. "Duty, honor, country" remain the Army's watchwords. Courage, commitment, competence, compassion, and integrity are among the values that have characterized the lives of American soldiers since 1775 — and are just as valid to soldiers today. The ideal of selfless service to the nation — the Army's institutional core — remains as strong

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today as it was in the times of Washington, Grant, Pershing, Marshall, Abrams, and Powell. Having built a legacy of service and achievement on these values for more than two hundred years, the Army will continue to rely heavily upon them into the next century. The values to which the Army subscribes are the framework for the lifelong professional and personal development of the American soldier. The Army's strength has been — and continues to be — built on the American soldier. The soldier — rather than a tank, fighting vehicle, missile, or rifle — is the Army's strongest weapon. By properly training, equipping, and supporting soldiers — and by taking care of soldiers' families — the Army makes the most significant investment it can make in the Nation's security.

The Army's primary mission — to fight and win the nation's wars — has not changed. The Army has executed many military operations other than war in the recent past, but it has been successful at these operations primarily due to well-trained, disciplined soldiers who are ready for war. The Army is a partner with the American people for national defense. Made up of dedicated men and women, the Army is truly representative of the best of the nation. Our soldiers come from virtually every ethnic group, every socioeconomic background, every race, every color, and every religion of the American melting pot. They are highly motivated, dedicated to duty, and proud of their profession and contributions. The American people have seen their faces on television from the mean streets of Mogadishu, from crowded refugee camps in Africa, from the disaster relief centers in the California earthquake area, from flood-ravaged Georgia and Texas, from the deserts of Kuwait, and from the desperate cities of Haiti.

### THE HISTORIC CHALLENGE

Four years ago, the Army's leaders — referring to the American unit overrun in the early days of the Korean War — pledged "no more Task Force Smiths." The Army sought to break the cycle of devastating post-war demobilizations that left America's Army without the people, equipment, infrastructure, and logistics to respond to the nation's next crisis. Critical to the success of this historic goal were the Army's efforts to maintain readiness, to maintain quality people, and to maintain the technological superiority demonstrated so effectively in the Gulf War. Through careful planning, a series of difficult decisions on force structure and modernization, and most importantly, a guiding vision of a

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force trained and ready to serve the nation, America's Army has met the challenge. The Army's leaders, together with the nation's political leaders, have broken the historical mold of post-war unpreparedness. At no other time in this century could the United States claim that its Army was still the world's premier land force five years after the end of a major conflict. Today, the nation can proudly make that claim. Since the end of the Cold War, the Army has fought in Panama and Southwest Asia, saved countless thousands of lives in Somalia, supported worldwide military operations other than war, and conducted extensive disaster relief operations at home. It has done this while undertaking a massive drawdown of people and units. Throughout this tumultuous period, America's Army has maintained ready units and focused on the morale and well-being of its soldiers and their families. The Army's challenge is to continue these positive trends through the remainder of the decade. America's Army undoubtedly will continue to wrestle with the dilemma of balancing current demands with future needs as the journey to the 21st century continues.



*"Force XXI will leverage the capabilities of the latest technologies to optimize the skill and courage of our soldiers. We will integrate information age technology with our tactical units. We will redesign units, built around people and new technologies, to enhance their agility, versatility, and lethality."*

- General Gordon R. Sullivan, May 5, 1994.



## 3 BUILDING FORCE XXI

**A**s America's Army transforms itself to meet the challenges of the 21st century, its eyes are focused on the promise of the future — while its boots are firmly planted in the realities of today's world. Because you must build an Army — you cannot buy one — the Army must always maintain a link between the present and the future. Simultaneously, the Army must be ready to respond to the nation's call both at home and abroad. This is a daunting task. Four times in this century, the Army suffered from hasty post-war demobilizations. Army capabilities were reduced to a hollow shell by resource decisions driven by domestic priorities. The nation paid the price for these policies in blood during the early days of each succeeding war. The preservation of US national interests in an unstable world ultimately rests on the strength of its Army.

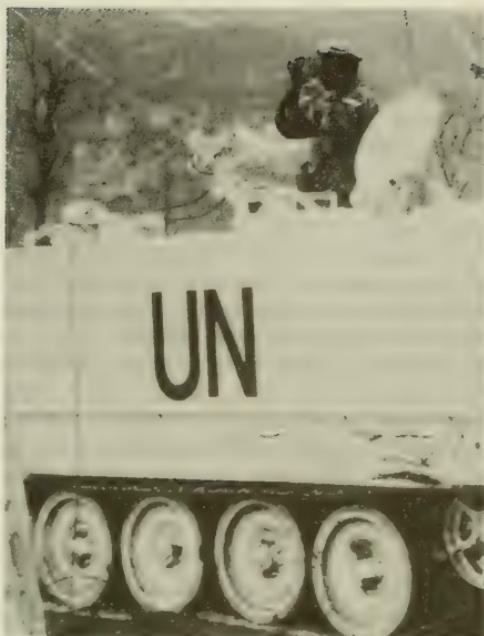
The next century holds tremendous promise, as well as challenge, for the United States and its military forces. As the world leaves behind the industrial age and enters what has come to be called the information age, the Army recognizes that warfare will change — and that the Army must stay ahead of that change. Though the Army has come a long way towards the 21st century during the past five years, Army leaders recognize that there is still far to go on that journey. The Army knows the capabilities it must have to remain the world's most formidable army in the 21st century and has developed a plan to convert that vision into reality. This chapter will review the Army's plans to capture the promise of the future.

### WAR IN THE 21ST CENTURY

No one knows exactly what warfare in the 21st century will be like. Changes in technology portend a new wave of warfare that poses great challenges for America's Army. Assuredly, future battlefields will be far different and more complex than 20th century battlefields. Advanced

"Our problem is that we just don't know what the global security environment will look like in another six, or ten, or twenty years. What we do know is that great changes are sweeping across the globe far more quickly than was the case in the preceding forty years. Any world globe selling in a store today that is over three years old is already an antique. We may be delighted to find that the future is more peaceful and tranquil than today. Or, we may find that it is far more violent and frightening."

-General John M. Shalikashvili,  
February 22, 1994.



technology will yield new combat capabilities which promise to revolutionize future battlefields. Although the picture of information age warfare is far from clear, we can predict some of its characteristics. Command and control will be based on real-time, shared situational awareness. Responsibility will remain hierarchical, but organizations probably will not remain hierarchical in a traditional sense. Unit structure will probably be less fixed as units become more flexible, more easily tailored for a specific mission. Echelons will become more specialized as more people gain access to information. Units will rely more on electronic connectivity than geographic or physical connectivity.

As weaponry has become more lethal, soldiers and units have become more dispersed on the battlefield. The Gulf War was the most recent example of how advances in lethality have made battlefields increasingly more dangerous and complex. Ever increasing dispersion of individuals and units complicates battlefield command and control. With individuals and units more dispersed, unit cohesion will become even more important. The Army of the

21st century must maintain unit cohesion in the face of ever-increasing battlefield lethality.

Future battlefields will also be characterized by significantly increased volumes and precision of fires, delivered at greater ranges. Emerging technologies will make fires ever more accurate, timely, and lethal, day and night and in adverse weather. Integrative technologies in digital communications, intelligence, global positioning and navigation, and logistics will increase the battlefield commander's understanding of the battlefield, providing the opportunity to more effectively organize for and better mass combat power at the decisive point during combat, and reducing the effects of the enemy's increased lethality. Ground forces on future battlefields will shoot more often and more accurately. They will have better mobility and communications. Twenty-first century battlefields will see greater integration of maneuver forces with artillery, engineers, aviation, and the forces of other services. Cooperation between different levels of command and services will increase with advances in communications, global positioning and navigation, and other technologies. Formations will maneuver over greater distances, under greater control, and will adjust to changing situations more rapidly. Thus, 21st century forces will be able to maximize the benefits of maneuver, increase the tempo of operations, and improve their ability to function day or night and under adverse conditions of weather and visibility.

The tension between detectability and invisibility will be major components of 21st century battlefields. The future land force commander must make the battlefield more transparent for himself and more opaque to his opponent. Some of the most important enabling technologies in this area include multi-domain sensors, advanced composite materials, advanced manufacturing and processing, "smart" structures, aided target recognition, sensor/data fusion, focal plane arrays, and integrated system design.

The speed at which new technologies are emerging is transforming the nature of warfare. In the industrial age, armies were able to digest changes in warfare and adjust rationally, over time. Today, the speed at which new technologies emerge does not offer the same luxury. Thus, as America's Army moves to the 21st century, the mold of past conflicts will be broken. No longer will warfare change only at the margin. A revolution in military affairs may, indeed, be taking place. America's Army must

America's Army must anticipate the nature of future warfare and must be prepared to break old, outdated molds. Yet, the Army recognizes that there are no quick, cheap solutions to the waging of America's wars. To achieve decisive victory, soldiers -- on the ground -- will always have to go in harm's way.

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### FORCE XXI

The Army has a vision of the Army of the 21st century — that vision is called *Force XXI*. An essential feature of the Force XXI Army — redesigned from foxhole to factory — will be its ability to exploit information. Emerging information and digital technologies will create a synergistic effect among weapons, organizations, and components, significantly enhancing the Army's capabilities. Force XXI will synthesize the science of modern computer technology, the art of integrating doctrine and organization, and the optimization of the Army's quality people. The goal is to create new formations that operate at even greater performance levels in speed, space, and time. To leverage the information technology to its highest potential, the sophisticated systems of the future will demand a soldier who is intelligent, physically fit, educated, highly motivated, and well trained. Force XXI will leverage the abilities of the best soldiers in the Army's history through the use of simulations and simulator-enhanced training. As they have been since the founding of America's Army, soldiers will be the most important element of Force XXI.

"We live in an age which is driven by information. . . The ability to acquire and communicate huge volumes of information in real time, the computing power to analyze this information quickly and the control systems to pass this analysis to multiple users simultaneously, these are the technological breakthroughs that are changing the face of war and how we prepare for war."

- Secretary of Defense  
William J. Perry,  
May 5, 1994.



Force XXI will encompass the reconceptualization and redesign of the force at all echelons. Importantly, it will focus on connectivity — how the Army puts the force together when it is employed. If America's Army is to remain the world's preeminent land warfare force, the Army must review its organization to ensure it takes full advantage of emerging technology. Despite the great success the Army has achieved in the last decade by integrating talented soldiers, state-of-the-art technology, and robust organizations, America's Army must rigorously assess organizational concepts if it is to achieve its full potential. The nomenclature of battalions, brigades, divisions, and corps may continue to be used, but the design, organization and capabilities of those organizations may be fundamentally different as their capabilities are enhanced.

Decisive victory in the 21st century will be achieved by dominating the enemy in speed, space, and time; and by achieving and sustaining a high pace of continuous, all-weather operations. This is a very complex task: operate 24 hours a day in all weather, throughout the depth (and altitude) of the battlefield (all the way back to the continental United States and/or forward base); simultaneously execute and recover from operations; synchronize all the systems on the battlefield; and do all of this very quickly. In the 21st century, the competitive advantage will derive from the quantity, quality, and use of information.

The Army division is the central element of strategic land power. Hence, the Army is focusing its initial efforts around the division. In a general sense, the division will exist in the future for the same reason as it did in the past — to command and control subordinate units. In a specific sense, it may — and probably will — look and operate differently than it does today. Overall, the division will provide the means to fight and win, to assert control, to achieve decisive victory — just as it does today.

Force XXI will be ideally suited for joint operations. Seamless connectivity with other elements of the joint force is essential for successful future operations. Force XXI's technology will be fully compatible with the systems of other services. Because Force XXI will be modular, the Army will be able to generate, project, and sustain force packages for combat operations or military operations other than war tailored to the specific needs of a joint force commander.

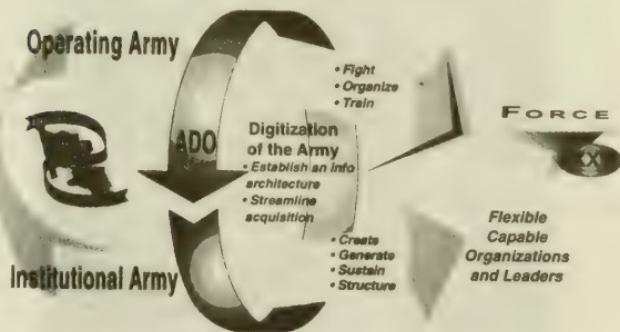
## THE FORCE XXI CAMPAIGN PLAN

**The Force XXI Campaign Plan provides the Army with both an intellectual framework and the key decision points to guide its design of Force XXI.**

The Army began its journey to Force XXI prior to the fall of the Berlin Wall. Even as seven divisions deployed to Southwest Asia to confront an expansionist Iraq, the Army was taking its first steps toward the 21st century. Indeed, many view the Gulf War as the first conflict in which an information age army defeated an industrial age force. The changes in the Army that lead to Force XXI are the result of a sophisticated campaign to move America's Army into the 21st century, a campaign incorporating every element of the Army. The Force XXI Campaign Plan provides the Army with both an intellectual framework and the key decision points to guide its design of Force XXI. Executing the plan is a team effort for the entire Army, cutting across all organizational boundaries. The Army uses the Louisiana Maneuvers process to synchronize its efforts. The main effort of the campaign plan is to redesign the operational forces of the Army — from foxhole to factory. Supporting this effort are two others: to reinvent the institutional Army and to develop and acquire information age technologies. Acquisition reform plays a key role in achieving the latter goal. The campaign is far from over. The Army is now entering what may very well be its most critical stage — the work of redesigning the operational force — the division, the corps, and echelons above corps, including the Army's sustaining base. This work has been left undone up to this point because it was necessary to allow the turbulence and uncertainty of the drawdown to abate and to learn more about the future environment and "what could be."

### *Force XXI Campaign Plan*

The Louisiana Maneuvers process synchronizes the Army's efforts to understand and plan for the future, while maintaining trained and ready forces for the present.



*Force XXI Operations, A Concept for the Evolution of Full-Dimension Operations for the Strategic Army of the Early Twenty-First Century*, a pamphlet published by the US Army Training and Doctrine Command, explains the Army's vision of military operations during war and military operations other than war for the next century. It addresses the nature of Force XXI operations in an era characterized by major changes in the geostrategic environment and unprecedented technological advances. The pamphlet captures ideas expressed during exercises, conferences, and symposiums. The increasingly definitive versions of this pamphlet will guide how the Army shapes doctrine, organizations, training, and technology requirements for the 21st century. It provides the Army with the intellectual "next step" for doctrine development.

### DIGITIZATION

Digitization is the linchpin of Force XXI. Digital technologies that allow the Army to pass essential information to all levels in real time are critical to the effectiveness of Force XXI. To coordinate and integrate all its digitization activities, in July 1994 the Army created the Army Digitization Office (ADO), with the goal of integrating digital information technology to ensure seamless digital communications from the sustaining base to the tactical and strategic levels. The Army plans to digitize an experimental brigade in fiscal year 1996 and to digitize a brigade, division, and corps by the turn of the century.



"The bottom line . . . on information technology is that it will dramatically alter the way we train, equip and employ our armed forces."

- Secretary of Defense  
William J. Perry,  
May 5, 1994.

The Army Digitization Office is drafting a master plan to map out the Army's near and far term digitization strategy. This master plan, which will be submitted to Congress in 1995, will address elements of architecture, acquisition strategy, communications, integration, requirements, and evaluation strategy. Complementing the efforts to implement the Army's Enterprise Strategy, the ADO will coordinate technical, operational, and system architectures. It is coordinating a streamlined acquisition program, the contract for which will be awarded to one contractor or team for hardware, software, and system engineering. The office is also overseeing development of a tactical internet that will allow a seamless communications system from the tactical to the strategic level, using both existing radio systems and a future digital radio system. The ADO is working with Army school commandants and program executive officers to ensure embedded digital systems like the one in the M1A2 Abrams tank are interoperable with appliqué software and communications standards and protocols. The digitization mission needs statement has been approved by the Army and will soon be presented to the Joint Requirements Oversight Council.

The Army is not undertaking this important work alone. The Army Digitization Office is working with each of the other services to identify critical interfaces and hardware and software requirements. It is leveraging opportunities and standardization requirements to achieve an effective joint exercise of the digitized brigade in fiscal year 1996. The Army is working closely with the Marine Corps Systems Command to ensure interoperability of each service's digitization programs.

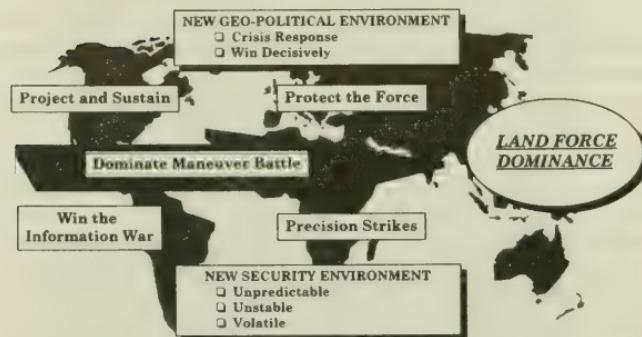
In April 1994, the Army conducted the Advanced Warfighting Experiment (AWE) Desert Hammer VI, the first-ever use of digital command, control, and communications systems and corresponding tactics, techniques, and procedures in a tactically competitive environment. The purpose of this experiment was two-fold: to validate the hypothesis that increases in lethality, survivability, and tempo of operations result when digital information systems and other advanced technologies are overlaid on existing organizations using current doctrine; and to highlight an innovative approach to initiating and managing the necessary and fundamental change the Army will experience over the next few years. In the experiment, a heavy task force was equipped with digital technology and linked digitally to a brigade. By gathering data in a non-intrusive way during two weeks of intense, almost

non-stop, simulator-enhanced, force-on-force battles with the opposing force, the Army gained significant insights into current organizations and doctrine when using new capabilities. The experiment was an example of a new way of working that cut across organization lines, with a great team effort between the US Army Materiel Command, the US Army Forces Command, the US Army Training and Doctrine Command, and the Department of the Army staff. It also demonstrated that experimentation and training can be conducted simultaneously, without degrading either. The warfighting experiment clearly suggested that improvements in lethality, survivability, and tempo can be achieved by the application of digital technology to our combat forces. It also underlined the requirement for continued work on how information technology affects the Army's future leaders, soldiers, organization, and doctrine.

### **MODERNIZATION AND FORCE XXI**

Transforming the Army for information age warfare can only be achieved by ensuring the Army's modernization vision of land force dominance is attained. That vision is supported by five modernization objectives: rapidly project and sustain forces, protect committed forces, win the information war, conduct precision strikes, and dominate the maneuver battle. To properly execute its role in the National Security Strategy, the Army must

#### **MODERNIZATION VISION**



The Army's modernization vision is built around five objectives, whose accomplishment will allow America's Army to achieve land force dominance.

"... I will ask the Congress to provide for real growth in the defense budget during the last two years of our next six-year plan to help ensure that the American military enters the 21st century with the most modern equipment available."

President William J. Clinton,  
December 1, 1994.

get units on the ground where they are needed, in sufficient numbers, and with the right mix of capabilities, and then sustain those troops for as long as they are deployed. Protecting US forces from enemy fire, weapons of mass destruction, and inadvertent friendly fire, from the moment the first soldier arrives until the last soldier redeploys is critical. Once forces are committed to battle, America's Army must overwhelm the enemy while minimizing its own casualties, dealing decisively with threats from modern armored vehicles, smart weaponry, attack helicopters, and tactical ballistic missiles. The Army must pass timely information on enemy and friendly forces across the battlefield and to higher and lower headquarters in near-real-time, seize the initiative, blind the enemy to its own intentions, and strike where and when the enemy expects it least. It must execute strikes on enemy forces in day and night, in all weather, in any terrain, around the clock, synchronizing fires with maneuver across the depth and breadth of the battlefield. Finally, it also must be able to outmaneuver and outshoot mobile adversaries, constantly engaging them with coordinated fire from unexpected directions and at unmatched ranges, day and night. Doing these things — and doing them right — allows a smaller, sophisticated force like America's Army to overwhelm a numerically superior adversary.

There are two new systems of importance to the 21st century Army. The RAH-66 Comanche armed reconnaissance helicopter is designed to meet the Army's need for reconnaissance, security, and economy of force operations in a wide spectrum of battlefield environments: night, inclement weather, and under battlefield obscurants. Comanche will replace the Vietnam-era scout and light attack helicopter fleet, now well over 20 years old, with a leap-ahead technology system that overcomes major existing warfighting deficiencies, including deployability, night and adverse weather capability, integrated targeting, and survivability. Upgrades to existing aircraft cannot meet these critical requirements. The Comanche will support the entire maneuver force with unmatched reconnaissance, counter-reconnaissance, and security operations. Avoiding detection with stealth design and materials, flying nap-of-the-earth at night and in low visibility conditions, and utilizing advanced sensors, Comanche will be a key element of the joint precision strike team, striking deeply and unexpectedly, as well as seeking out high value targets for other strike systems. It will be digitally compatible with all Army aircraft and ground systems and with systems of the other services, thus providing accurate enemy situation data to the joint force. With

digital communications, it will provide links throughout the battlefield and communicate on strategic and tactical levels. Comanche streamlining entails a single phase development program that eliminates non or marginal value-added tasks, applies commercial approaches where practical, maximizes use of simulation, and takes advantage of the most advanced computer-aided design and flexible manufacturing techniques. This approach retains the Comanche's full capabilities while achieving significant cost savings. In December 1994, the Secretary of Defense announced that the Comanche program will be restructured as a technology program, ensuring that technology base programs that are part of Comanche continue. Procurement will be deferred but two flyable prototypes will be produced. *The Army views Comanche as its most critical technology carrier — vital to the success of Force XXI and to reducing US casualties on the battlefields of the next century.*

The Advanced Field Artillery System/Future Armored Resupply Vehicle (AFAS/FARV) is the Army's second critical new system. The Advanced Field Artillery System is a 155mm self-propelled howitzer system that will provide a dramatic increase in artillery lethality, survivability, mobility, and operational capability and effectiveness through the utilization and integration of leap-ahead technology. AFAS will deliver unprecedented firepower at extended ranges through extremely high rates of fire, rapid reload, and near instantaneous transition from high speed travel to target engagement. These advances result from a unique regenerative liquid propellant armament system, automated ammunition handling system, and an advanced fire control and navigation system. The Future Armored Resupply Vehicle will provide the foundation for rapid and safe resupply of fuel and ammunition for AFAS. Inserting high payoff technologies in robotics, ammunition, and improved ammunition propulsion into the resupply process, FARV will provide the necessary ammunition to meet expected firing rates and the goal of autonomous operations. It will capitalize on cost and operational advantages of component commonality. The AFAS/FARV program has been structured to take every advantage of acquisition reform, eliminating unique military specifications and unnecessary review and documentation. As an Army streamlining lead program, AFAS/FARV will pioneer numerous other innovative acquisition techniques throughout its development and production.

**INTEGRATING INFORMATION TECHNOLOGIES**

Information will be so important to the 21st century Army that a flagship initiative is needed to manage the Army's extensive use of command, control, communications, computers, and intelligence — collectively known as C4I — as well as to implement joint C4I initiatives. The Army Enterprise Strategy is the Army's single, unified vision to strengthen information management for all Army forces. The strategy serves as the fundamental basis for the integration and interoperability of all Army information, communications, and electronic systems. Through the Enterprise Strategy, the Army will develop a seamless, globally integrated, information architecture to dominate the digitized battlefield and support the information needs of field commanders. Integrating Army doctrine and modernization, the Enterprise Strategy provides the framework to win the information war, focusing on the information needs of the Army as a whole.

The Army is aggressively pursuing enhanced information capabilities in the sustaining base. These capabilities will allow the Army to better project and sustain deployed forces from the United States. The Sustaining Base Information Services (SBIS) program will provide information management resources in an open systems environment to plan, organize, train, equip, mobilize, deploy, demobilize, and sustain the force. In its day-to-day business, as well as in its surge to support contingencies, SBIS will enhance management and organizational capabilities of sustaining base organizations and activities, recruiting and training centers, maintenance and test facilities, laboratories, installations, and supporting command and control headquarters. SBIS automation capabilities will significantly improve business processes in the sustaining base and provide rapid response to deployed forces.

A power projection strategy demands a robust logistical base to sustain deployed forces. Through emerging concepts such as split-based operations and total asset visibility, the Army will also ensure efficient support when deployed. In split-based operations, a major portion of the sustainment management force remains in the continental United States, supporting deployed forces through assured electronic data interchange. This reduces the size of the deployed combat service support force, freeing transportation assets to move combat forces and supplies. Split operations allow the Standard Army Retail Supply System at the

corps to operate on a fixed computer housed at the home installation, while deployed units use laptop computers to perform only time-sensitive functions.

Total Asset Visibility is a comprehensive Army initiative that improves the Army's abilities to obtain and act on information on the location, quantity, condition, and movement of assets. Total Asset Visibility enables the Army to track continuously the flow of equipment and supplies — in production or at a repair depot, in inventory (including items that are in the hands of the end users), and most importantly, on the move between various locations. This capability allows support personnel to get the right item to the right location at the right time, to redistribute assets to meet Army needs, to divert in-transit assets when required, and to avoid unnecessary buys. It also builds soldier confidence in the supply system. Total Asset Visibility in transit is supported by automated identification technologies (such as bar coding, laser optical cards, and radio frequency tags and readers) that provide rapid and accurate data capture, retrieval, and transmission. This capability has been installed with more than 2700 Army materiel managers



Total Asset Visibility enables the Army to track continuously the flow of equipment and supplies. Here, bar coding is used to track materiel.

and with 300 non-Army users. Through this system, Army managers can track over 311,000 items representing 90 per cent of the Army's intensely-managed supplies.

The Power Projection Command, Control, Communications, and Computers Infrastructure (PPC4I) program upgrades the telecommunications infrastructure at Army installations to ensure that voice and data connections meet the needs for power projection and split-based operations. By upgrading the installation infrastructure under the PPC4I initiative, US and overseas installations and support centers become the battlefield's rear area for combat service support. This benefits the commander by providing a seamless operating environment for access to information from home base or deployed locations. Advantages of such a capability include reduced demand for strategic transport, uninterrupted and sustained combat support, continued availability of proven peacetime services by continental US depot and support activities, reduced exposure of troops and equipment in theater, and quickened entry and exit.

Information technologies are also important in other areas. The Reserve Component Automation System (RCAS) is a comprehensive computer system to support the mobilization, information processing, and decision-making needs of National Guard and Army Reserve commanders and functional managers, both in the United States and overseas. Hardware fielding has already begun, with initial installations at over 1300 units.

The US Army Recruiting Command, which recruits for the active Army and the Army Reserve, and the National Guard, which recruits separately, will also leverage information age technology to help meet the challenge of future personnel requirements. In 1994, the Recruiting 2000 automation initiative of the US Army Recruiting Command was adopted by the Department of Defense as the basis for the new Joint Recruiting Information Support System. This system, which will ultimately be adopted by all services and components, will provide recruiting with a state-of-the-art sales, recruiting, and accessions information management support system that streamlines and refines current business practices. Using a notebook computer, a recruiter will be able to present a multimedia sales presentation, record applicant data, screen preliminary qualifications, prepare an enlistment packet, make a Military Entrance Processing Station appointment, and book transportation arrangements. Best of all, information captured

by the Joint Recruiting Information Support System during the recruiting process will be shared with appropriate service and defense information systems, precluding redundant, inefficient, and untimely reentry of information for applicants. The National Guard's Guard Accession Information Network System Plus (GAINS+) automates much of the Guard's accessions paperwork, administers an aptitude screening test, and provides initial data to both the Military Entrance Processing Command's systems and the Total Army Personnel Data Base. GAINS+ provides the Guard with substantial improvement in current recruiting business practices until the Joint Recruiting Information Support System is fielded.

### 21st CENTURY ARMY TELEMEDICINE

One exciting application of information technology already in place and functioning is Army telemedicine. Telemedicine is the investigation, monitoring, and management of patients and the education of patients and staff by using systems that allow ready access to expert advice and patient information, no matter where the patient or relevant information is located. Telemedicine improves patient care by increasing access to specialized medical facilities, services, and talent; it integrates and leverages the power of digitization. Using advanced high-resolution still imagery, video, and telecommunications techniques, telemedicine provides the field commander real-time medical situational awareness and



Telemedicine improves patient care by increasing access to specialized medical facilities and services. Using advanced high-resolution still imagery, video, and telecommunications techniques, telemedicine provides the field commander real-time medical situational awareness and advanced casualty care capabilities.

advanced casualty care capabilities. It gives deployed medical units timely access superior medical mentoring and clinical consultation. Using telemedicine, a surgeon conducting an operation in a field hospital in Haiti can consult directly with specialists at any of five medical centers in the United States. Telemedicine has grown from a medical image transmission system developed to support medical operations in Somalia during Operation Restore Hope to incorporate video teleconferencing, film-less radiological imaging, and field testing of personal digital assistants to increase the efficiency of physicians. The ability to project the right skill mix and clinical capabilities greatly enhances medical support to soldiers — especially those in remote locations. Telemedicine allows the medical commander to expand the use of valuable and critically short medical specialists for both deployed and fixed facilities. This capability is applicable both to combat operations and to military operations other than war and has unlimited potential for the civilian sector.

#### **THE FIRST FORCE XXI MAJOR COMMAND**

The first Force XXI major command — the US Army Medical Command — was activated on October 4, 1994. This new command links Army medical assets worldwide, resulting in high-quality, cost-effective, and accessible health care services to soldiers and eligible beneficiaries. The command streamlines and flattens the command and control structure of Army medicine; the Surgeon General remains on the Army staff, but now also commands the Medical Command. The Washington staff of the Surgeon General — which once numbered more than 500 people — has been reduced to less than 100. A 21st century organization whose commander can effectively lead from wherever he or she is located, the new Medical Command links missions and functional areas to the organizational structure, eliminating previous functional overlaps, inefficiencies, operational voids, and confusion about functions between organizational elements. The Medical Command integrates organizational and doctrinal changes within Army medicine, positioning it to provide effective and efficient health care into the next century. The command also integrates and leverages the power of information-based, digital technology to create a seamless organization linking the sustaining base directly to the battlefield via telemedicine.

**A SPACE-SUPPORTED ARMY**

As the largest user of space products, the Army's future is inextricably tied to space. To the warfighter, space must be controlled to win the ground battle. The use of space products to help the warfighter is spreading throughout the Army; products for navigation, position location, intelligence, terrain, weather, targeting, mapping, communications, and early warning serve the soldier at all levels of command. Space has become an integral component of the Army's technological and operational evolution. The success of Force XXI will be critically dependent upon the exploitation of space assets, capabilities, and products across the entire spectrum of military operations. Space assets and technology are key to gathering, managing, and disseminating information to provide a decisive advantage. Space allows land force commanders to better see the battlefield and to locate and destroy enemy forces. In an environment of rapid political, technological, and economic change, Army access to national, civil, allied, military, and commercial space capabilities and products is essential to successful operations. Although the Army



Space products are being used in every major operation the Army undertakes, both for war and military operations other than war.

has less than five per cent of the military space budget and only 2 per cent of the people in military space programs, it achieves tremendous value-added from its modest investment.

Space products are being used in every major operation the Army undertakes, both for war and military operations other than war. In Operation Restore Hope in and near Rwanda, the Army used space-based early entry communications, satellite image mapping, global positioning systems, and national intelligence assets. In Operation Uphold Democracy in Haiti, the Army made use of all those capabilities, plus satellite weather imagery, radio range extension and video transmission, and secure video-teleconferencing capabilities between commanders on the scene and in the United States, using an experimental NASA satellite. When the US deployed troops to Kuwait, the Army added space-based in-theater missile warning and multi-pillar command and control capabilities to the list of space assets in use.

The Army conducts space and space-related activities that enhance operational support to warfighters and contribute to the success of Army missions. Employment of space products provide a force multiplier essential to a power projection force. Information technology that enables success on the battlefield relies heavily on space solutions. Beyond affecting future space systems design and developmental initiatives, the Army, in joint and combined operations, will organize and train forces using space capabilities and products to make them more responsive, flexible, interoperable, survivable, and sustainable. Space and space-related capabilities are essential contributors to Army modernization. In addition to exploiting existing systems, the Army will ensure that new systems support land component requirements. Space applications will be embedded in Army doctrine, training, exercises, and plans. Aggressive exploitation of space capabilities and products will ensure that the Army is able to maintain land force dominance well into the 21st century.

### **THEATER MISSILE DEFENSE**

The Army is rapidly moving forward to counter a potent theater missile threat. The proliferation of technology and hardware enables virtually any nation with sufficient will and cash to obtain tactical ballistic missiles, as well as cruise missiles and unmanned aerial vehicles. In many cases, these missiles would be far superior to the Iraqi Scuds faced by American and coalition forces in the

Gulf War. American power projection forces are especially vulnerable to this threat while debarking from ships or aircraft in a theater of operations, while massing for offensive operations, and in logistic bases needed to support front-line troops. The Army will defend against the theater missile threat with a two-tiered defense. The upper tier will consist of the Theater High Altitude Area Defense (THAAD) system now in development, which will intercept tactical ballistic missiles at extended ranges and high altitudes and employ hit-to-kill technology. THAAD will provide long-range, high altitude coverage to defeat missile threats directed against military forces, as well as critical and strategic assets such as population centers and industrial resources. THAAD will begin early flight tests in 1995. The lower tier will engage incoming missiles operating below the ballistic space of THAAD and will consist of the battle-proven Patriot, now with third-generation improved capabilities, and the Corps Surface-to-Air (CORPS SAM) system. CORPS SAM will fill a critical need by protecting maneuver forces and critical assets, providing 360 degree coverage against short range tactical ballistic missiles, cruise missiles, unmanned aerial vehicles, and manned aircraft.

### FORCE XXI INTELLIGENCE

The current focus of Army Intelligence is on force projection operations, the springboard into Force XXI intelligence operations. In this capacity, Army intelligence will be a critical force multiplier



Army intelligence will be a critical force multiplier for Force XXI, providing commanders at all echelons a common view of the battlefield and the ability to accurately locate targets. Highly trained and motivated Force XXI intelligence soldiers will operate a new family of intelligence collection, processing, and dissemination systems that will contribute to the commander's ability to make rapid, knowledge-based decisions.

for Force XXI, providing commanders at all echelons a common view of the battlefield and the ability to accurately locate targets. Highly trained and motivated Force XXI intelligence soldiers will operate a new family of intelligence collection, processing, and dissemination systems that will contribute to the commander's ability to make rapid, knowledge-based decisions. To meet power projection needs, traditional intelligence support is being transformed into intelligence and electronic warfare (IEW) force projection operations. Force XXI intelligence will be a flexible, tailororable architecture of procedures, organizations, and equipment focused on a common objective — and driven by warfighter requirements. Support will be comprehensive and seamless from tactical to national level, with all commanders benefiting based on their needs and priorities. Key information will be sent to all commanders immediately, emphasizing graphic rather than narrative reporting. Intelligence operations will visually portray the extended battlefield throughout its width, depth, and height, with sufficient accuracy to permit precision targeting. Force XXI intelligence will be dynamic and adaptable, anticipating and adjusting to new threats. Collection, processing, and reporting systems will take full advantage of emerging technology and be integral to the Army's battlefield digitization program. These systems will be smaller, more effective, and supportable, capable of matching the deployability and mobility of the forces they support, and designed to support joint interoperability. Intelligence from ground and airborne systems will be integrated and synchronized with operations, providing warfighters more accurate information and a clearer picture of the battlefield faster than ever before.

IEW force projection operations will differ from the past in several ways. First, commanders will assume a central position in the intelligence process by articulating the precise intelligence requirements and targets they need to fight and win. Second, intelligence will be integrated with operations, providing what the commander needs — when it is needed. Third, by using split-based intelligence — in which many intelligence assets remain in the United States and use information technologies to forward information to deployed units — Army intelligence will provide efficient, effective, situation-tailorable, and flexible intelligence support to units in multiple locations, minimizing deployed intelligence assets and maximizing the contributions of a seamless intelligence architecture. Fourth, based on an analysis of the specific situation and an assessment of intelligence requirements, the warfighting commander will select the required elements of

the intelligence force and deploy those elements as they are needed. Finally, use of information technology will allow Army intelligence to broadcast to multiple echelons and headquarters simultaneously with a common view of the battlefield. Through these initiatives, Army Intelligence will meet the challenge of supporting Force XXI, enabling commanders to understand the information age battle environment and providing operational recommendations on how to attack, exploit, and protect information on the battlefields of the 21st century.

### **MANPRINT**

Nowhere is the importance of the human element more apparent, or more critical, than in today's (and tomorrow's) sophisticated weapons systems. The Manpower and Personnel Integration (MANPRINT) process is an innovative managerial and technical approach to new systems acquisitions and product improvements that focuses on integrating the system with the soldier. Based on analyses and tradeoffs within and across seven domains — manpower, personnel, training, human factors engineering, system safety, health hazards, and soldier survivability — MANPRINT plays a proactive role in the materiel and information systems acquisition processes by orienting systems requirements to the ultimate user. The objective is to optimize quality people through a disciplined process for assessing the impact of system design on individual operators and maintainers, the fighting unit, and the force as a whole. Through its systematic application, the Army defines supportable manpower and personnel requirements, minimizes the need for redesign, identifies and implements effective training/aiding technologies, and enhances soldier safety and survivability. The goal is to balance design factors across the domains to optimize life cycle costs, force structure requirements, and combat effectiveness.

The Comanche armed reconnaissance helicopter program provides an excellent example of the contributions which MANPRINT can make to system design. The Comanche's cockpit is designed to support the full range of male and female pilots. Component modularization has decreased expected maintenance manpower requirements and repair times and will reduce the risk of damage to surrounding components during the process, resulting in significant life cycle cost savings through minimizing aircraft maintenance manpower and time and maximizing operational availability.

Given its role in the early phases of the system design process, MANPRINT is by nature forward looking. It addresses the characteristics of the Force XXI in the design of systems today. As new digitization technologies emerge, MANPRINT will ensure that the maximum benefit is achieved with these systems, accounting for projected changes in the population, structure, and technology of tomorrow's Army. MANPRINT gives the Army a systematic management and technical approach to ensure that it identifies essential knowledge and skills, provides the necessary training, and designs an environment in which maximizes the effectiveness of human resources.

### SAFE FORCE XXI

The Army Chief of Staff has directed an aggressive set of initiatives to lead the Army's force protection program into the next century. Safe Force XXI integrates safety risk management into each of the Army's primary business practices. Risk management will be integrated with doctrine and training development, materiel acquisition and sustainment, and combat operations. The Army's intent is for safety needs and criteria to be so fully integrated into decision processes that they are transparent to a casual observer. The same safety processes used in wartime will be used in training and garrison environments in peacetime. Incorporating risk management during the original design of Army training, operations, facilities, and systems will eliminate unnecessary expenditures of Army resources to correct safety deficiencies. Safe Force XXI targets the safety risk reductions possible through horizontal technology insertion and well-targeted upgrades of existing systems. A primary objective of Safe Force XXI is to ensure that Army operations, training, materiel systems, and support systems are designed to reflect the requirements and operational limitations of soldiers as they perform their missions. The information management component of Safe Force XXI will expand and transform the Army's practitioner-oriented accident data base into a risk management information system oriented on commanders' needs.

**Safe Force XXI integrates safety risk management into each of the Army's primary business practices. Risk management will be integrated with doctrine and training development, materiel acquisition and sustainment, and combat operations.**

A crucial part of Force XXI are initiatives to reduce the incidence of fratricide in combat by exploiting information age technology. Since the Gulf War, the Army has designated a program manager to oversee our efforts to enhance combat identification. The US Army Training and Doctrine Command is integrating combat identification into Army training, doctrine, and

requirements. The Army is quickly fielding combat identification systems consisting of infrared-visible lights, thermal panels, and global positioning systems. Doctrine and leadership initiatives have been implemented and fratricide avoidance training is being conducted. In addition to combat identification systems, the Army is pursuing battlefield digitization as a method to reduce fratricide. Digitization provides a shared situational awareness that gives soldiers a common view of the battlefield and allows a soldier to determine better whether a target is a friend or foe.

### THE PROMISE OF A NEW CENTURY

No one can know the future with certainty. Nevertheless, in order to serve the nation in the future, the Army is moving ahead now. America's Army has seized the opportunity to transform itself into a 21st century force. Today, the Army is building the Army of the 21st century. This task will not be easy, nor will it be free of uncertainty. But if America's Army is to provide the decisive victory the nation demands, it must be willing to accept prudent risks, experiment with new technologies, and break the mold as it moves into the future. Force XXI is the embodiment of the ideas from thousands of dedicated professionals, of technologies yet to be fully explored, of thinking unhindered by traditional boundaries, and of the promise of the 21st century.

"It is important to realize that Force XXI is not an end state. It cannot be because the world will continue to change, to present new challenges and new opportunities. America's Army will continue to change too. We will adapt, and we will innovate."

- General Gordon R. Sullivan, October 1994.



*"Our technological advances are vital to our continued readiness, but it is the Army's soldier who is our smartest weapon and our greatest strength."*

- Secretary of the Army Togo D. West, Jr., October 1994.



## 4 FORGING A STRATEGIC FORCE

The Army is — and always has been — a strategic force, playing a central role in joint warfighting. The Army is the nation's historical force of decision. Force XXI will continue that role with smaller, more lethal force that takes advantage of the revolution in information warfare. Of course, war is more than high technology. War is about soldiers in the mud, fighting for decisive victory for the United States. The Army's ability to fight and win the nation's wars, as well as to execute significant military operations other than war, rests on more than just the size of the force. Future success relies, in part, on elements sometimes overlooked in evaluating the Army's capabilities — elements the Army terms *strategic enablers*. The 1993 Bottom-Up Review was predicated on a requirement that the US armed forces be prepared to fight two nearly simultaneous major regional conflicts. To meet this requirement with a smaller force, five strategic enablers are required: *quality soldiers and civilians, access to the National Guard and Army Reserve, a modernized force, strategic mobility, and a trained and ready force*. Within the framework of these enablers, this chapter will discuss a variety of programs and initiatives vital to a power projection army.

### A QUALITY ARMY

America's Army today is the most capable army in US history — a testament to the nation's commitment, to sound investment, and to the partnership of the Army, Congress, and the American people. A singular imperative of maintaining a quality force is quality people. Today's quality soldiers are the best educated and most disciplined in our history. They are easier to train and they perform better, particularly in team situations and in the use of increasingly sophisticated equipment. Peacekeeping operations, humanitarian missions, and other military operations other than war require

"No single investment we make is more important than our people... We will not continue to attract quality young people if incentives and benefits subside. We have to take care of the welfare of our people in uniform, our civilians, and our families, or we will not retain the career professionals we will need to lead our forces into the next century."

- General John M. Shalikashvili,  
February 22, 1994.



individual soldiers to be able to think on both a tactical and an operational level. As was most recently demonstrated in Haiti, they must be highly skilled and well trained to adapt to complex, dangerous, and ever-changing situations throughout the world, oftentimes while operating in small groups, in remote locations, and dealing with ambiguous situations. As the Army becomes smaller and more dependent on technology, quality Army civilians and contract personnel will become even more important to its success. Dedicated civilians superbly support America's Army—at home, with overseas forces, and in contingency operations. Army civilians possess skills critical to the Army's success, make vital contributions to the nation's defense every day, and are irreplaceable players on the Army team.

#### QUALITY OF LIFE

To attract and retain quality people, America's Army must continue to focus on quality of life issues important to the men and women who serve the nation. Sixty per cent of the Army's soldiers

are married. Soldiers and their families are concerned about military pay (which now lags over 12 per cent behind the civilian sector), retirement benefits, adequate health care, housing, support to families left behind when a soldier deploys, commissaries, morale, welfare, and recreation programs, and the prospect of a full and rewarding career. Army civilians share many of these concerns. Quality of life issues unique to Guard and Reserve soldiers include re-employment rights, salary and benefit continuation on mobilization, and time off from work for training. Family support during mobilization is a concern shared with the active force.

#### FAMILY PROGRAMS

Army families are a key component of readiness. As the Army deploys units more frequently, Army families must be prepared to deal with the stress and family decisions that deployment brings. Through the Army Family Action Plan, a bottom-up process beginning with family symposia at the installation level, the Army identifies, prioritizes, and ultimately resolves issues of importance to soldiers, Army civilians, and their families. Resolving these issues increases operational efficiency, improves service to Army families, and strengthens local programs. The process is also an excellent method for Army leaders to stay in touch with and to communicate on quality of life issues with the



"... I will fully support other quality of life initiatives which were outlined by Secretary Perry last month. We will spend what is required to ensure our military live in adequate housing and are provided the necessary child care and receive the support they and their families need to serve our nation."

- President William J. Clinton,  
December 1, 1994.

entire Army community. Since 1983, the Army Family Action Plan has addressed 371 issues and resulted in 35 pieces of legislation, 94 revised policies, and 94 improved programs.

A good example of a program fostered by the Army Family Action Plan is the Army Family Team Building initiative, which is designed to teach and promote personal and family readiness through education. This program educates soldiers, families, and Army civilians on what the Army is about, what the Army lifestyle is like, and what their personal responsibilities are in meeting the challenges of Army life. The program will make the entire Army community aware of resources available to them and will help families deal with problems encountered when the soldier or Army civilian is frequently away from home. First raised as an Army Family Action Plan issue, Army Family Team Building received heightened emphasis due to family support experiences during Operations Desert Shield and Desert Storm. Two years in development, it has now been institutionalized in the Army's professional educational systems for both soldiers and civilians. In June 1994, the Army trained its first 500 "master trainers" in the United States, a process soon to be followed in Germany and Panama. These individuals will return to their installations to train other trainers, who will reach Army family members.

#### HEALTH CARE

Soldiers and their families view medical care as one of the most valuable benefits of life in the service. The Army's personnel drawdown, the base realignment and closure process, and the reduction of Army medical resources result in constrained access to medical care for all beneficiaries. These facts and the increasing uncompensated out-of-pocket health care expenses contribute to the widespread perception that this benefit is eroding. The implementation of Gateway to Care —the Army's transition program to TRICARE, DoD's managed care program —has made significant strides in cost containment and improved access to care, particularly for non-active duty beneficiaries. The Army's medical inflation rate is significantly below the civilian sector's; in cost per beneficiary, Army health care is the most cost-effective among the three services. Inter-service cooperation has resulted in tri-service regional health care delivery plans and support contracts, multi-Federal health care consortiums, and enhanced coordination during contingency operations. The Army medical system is an efficient, cost-effective system which provides



"Our service members must be healthy and fit in order to respond at a moment's notice. This means they need the best in diagnosis, treatment, and preventive medicine and advice. And while they're deployed, they shouldn't be distracted over whether their families are receiving proper medical care and attention."

- Secretary of Defense  
William J. Perry,  
September 13, 1994.

peacetime beneficiary care that contributes to medical and soldier readiness to support the Army's wartime missions and military operations other than war. During the Gulf War, the Army system successfully transitioned from a peacetime to wartime footing while continuing to provide uninterrupted care to the Army's soldiers, family members, and other beneficiaries. The personnel required to fill deployable medical units are the same health care providers manning peacetime medical treatment facilities. This dual-hatting of health care personnel requires decentralized command and control with maximum command flexibility to maintain readiness and meet the requirement for rapid power projection. Future military health care will be provided as part of the DoD TRICARE program, a regionalized, tri-service, contractor-supported, managed care system which will be implemented over the next three years. TRICARE's goals are to improve access to care, maintain quality of care, and control costs for patients and taxpayers. In addition to active participation in regional coordination of care under TRICARE, the Army holds Lead Agent responsibilities for this coordination in five of 12 regions in the continental United States.

#### RECRUITING

As it nears completion of its steepest drawdown in decades, the Army has successfully met the challenge of reducing the force

while maintaining quality personnel. Throughout the drawdown, dedicated Army recruiters have continued to attract exceptional young men and women into the ranks. The Army achieved its accession and quality goals in fiscal year 1994, enlisting over 68,000 new soldiers. Over 95 per cent of these enlistees were high school diploma graduates and less than 2 per cent scored in the lowest Armed Forces Qualification Test (AFQT) category allowed for enlistment. The National Guard accessed 61,268 soldiers during fiscal year 1994. Ninety-eight per cent of the Guard's non-prior service recruits scored in the top AFQT categories; 100 per cent of them had a high school education (85 per cent with high school diplomas and 15 per cent with Graduate Equivalency Degrees). The Army Reserve met its accession goal and exceeded Army quality goals in fiscal year 1994. Among its non-prior service enlistees, 95 per cent are high school diploma graduates and approximately 1.2 per cent are from the lowest AFQT category allowed. Exceeding its goals, the Army Reserve accessed over 40,000 soldiers in fiscal year 1994 and additionally received over 6500 soldiers transferring from the active Army.

Challenges to recruiters in today's environment are formidable. Army recruiters are finding mission achievement increasingly difficult as they compete with civilian industry to attract a sufficient number of quality enlistees. The propensity among American youth to enlist in the armed forces has declined for the past three years and remains extremely low. Maintaining a steady state force will require significantly higher enlistments beginning in fiscal year 1996. From 70,000 in fiscal year 1995, the annual goal will jump to 83,800 in fiscal year 1996, to over 95,000 in fiscal year 1997, and will remain between 86,000 and 95,000 through fiscal year 2000. The Army Reserve will also require higher enlistments to maintain a steady state force beginning in fiscal year 1996, with its annual goal increasing from 52,000 in fiscal year 1995 to 54,000 in fiscal year 1996, and remaining between 50,000 and 57,500 through fiscal year 2000. The Army National Guard's enlistment requirements will continue to decrease through fiscal year 1997 and then increase to 63-65,000 as the drawdown concludes. The Army must advertise to offset this potential recruiting shortfall. To attract the recruits it needs, the Army will employ a national advertising strategy and offer enlistment incentives, including the Montgomery GI Bill, the Army College Fund, and enlistment bonuses for specific military occupational specialties.

Geographic recruiting will increase the Army's ability to transition active Army soldiers to the National Guard and Army Reserve. By offering skill training in a military occupational specialty required by local National Guard or Army Reserve units, active component soldiers are more likely to transition to a hometown reserve component unit when they leave active duty. Transitioning soldiers do not require initial training and provide a greater return on the Army's original training investment. As the Army approaches completion of its reshaping programs, sustaining recruiting success will be critical to maintaining a trained and ready force.

#### RETENTION

From an enlisted personnel perspective, the Army drawdown has progressed extremely well. America's Army has been very successful in maintaining a strong personnel readiness posture and in retaining quality soldiers. The Army met its fiscal year 1994 retention goals for both initial term and mid-career soldiers. Goals for active force soldiers transitioning to the Reserve Components were also met. Retention rates, especially among initial term soldiers, have remained at about 10 per cent above historic levels. Increased promotion opportunities, enhanced advertising, the lessened intensity of the drawdown, and dedicated command involvement in the process have all played a role in



"We must . . . continue to recruit only the best and the brightest, and that recruiting mission is harder than it has been in recent years. But with the help of Congress in providing additional funds for recruiting and the hard work of our dedicated recruiters, we continue to meet our goals."

- Secretary of the Army Togo  
D. West,  
October 1994.

soldiers' decisions to remain in the Army. The soldiers reenlisting today are the same high caliber individuals who enlisted three or four years ago. Nearly 92 percent of the initial term soldiers reenlisting in the active Army had a general test score over 100 — the highest percentage ever attained and a good indicator of the quality of the Army's future non-commissioned officer corps. The National Guard achieved an overall attrition rate of 18.4 per cent in fiscal year 1994, a 2.9 per cent increase over fiscal year 1993. An increase in command emphasis on retention and in local units' awareness of their vital roles within their communities contributed significantly to this improvement.

Retaining quality soldiers has been the key to current Army readiness and must continue into the future. However, just as retention becomes more important to the Army of the next century, it will likewise become more challenging. Frequent deployments have the potential to adversely affect retention. Perceptions of support by the Administration, Congress, and the public also play a large role in retaining a strong Army.

#### THE TOOLS OF THE DRAWDOWN

To execute the drawdown of the Army while maintaining the quality of the force, the Army uses several tools provided by Congress. By judiciously applying these tools, the Army has minimized involuntary separations. The Voluntary Separation Incentive and Special Separation Incentive are programs authorized in the National Defense Authorization Act for Fiscal Year 1992. The Army offers these voluntary separation incentive programs through a selective policy targeting groups facing possible involuntary separations. For enlisted soldiers, this includes soldiers affected by retention management changes and in overstrength skills. For officers, the programs target officers in the zones of consideration for reduction in force and officers not selected one time for promotion. During fiscal year 1994, 1358 officers and 5709 enlisted soldiers separated under these programs.

Authorized in Title 10, US Code, selective early retirement boards (SERB) can be used during reductions in force or to correct grade imbalances or strength overages.

The National Defense Authorization Act for Fiscal Year 1991 provided increased flexibility to expand the scope of the SERB for a 5 year period. It is Army policy to encourage voluntary retirements to the maximum extent possible and to use the SERB to obtain involuntary retirements only when necessary to comply with mandated strength reductions. Officer SERBs will have to be conducted each year during the drawdown for warrant officers, majors, lieutenant colonels, and colonels. The Army anticipates a further requirement for an enlisted force SERB. Fiscal year 1994 was the final year for active competitive category colonels to undergo multiple SERB reviews. Beginning in fiscal year 1995, active competitive category colonels will be considered for selective early retirement only once, as they reach two years time in grade. During fiscal year 1994, a total of 496 officers were selected for early retirement. The Army forecasts 456 and 592 early retirements for fiscal years 1995 and 1996, respectively.

Temporary early retirement authority, authorized in the National Defense Authorization Act for Fiscal Year 1993 and amended in the act of fiscal year 1994, provides an additional force management tool through 1999. The Army's plan offers early retirement to certain categories of soldiers who have at least 15, but less than 20, years of active Federal service. Early retirement is not an entitlement. It is being offered primarily to selected soldiers with excess grades or skills and a small group of soldiers who are currently grandfathered for normal retirement at 20 years of service. Under the fiscal year 1994 program, 573 officers and 3138 enlisted soldiers retired early.

Civilian Separation Pay for Department of Defense employees, known as voluntary separation incentive pay, was authorized in the National Defense Authorization Act for Fiscal Year 1993. The National Defense Authorization Act of 1995 extended coverage through 30 September 1999. While reduction in force is sometimes unavoidable (for example in the case of base closures or major realignments), it is the action of last resort. Voluntary separation incentive pay has been very successful in helping to reduce involuntary civilian separation in the Army in the past and will continue to be a crucial tool in downsizing and reshaping the civilian work force. The Department of Defense Priority Placement Program will also continue to be essential to the placement of excess or displaced employees.

## TRANSITION ASSISTANCE

Just as the Army cares about recruiting and retaining quality soldiers and civilians, it also cares about those soldiers and civilians who are leaving the Army for any reason. The Army Career and Alumni Program (ACAP) provides a comprehensive system to assist people leaving the Army in a caring, disciplined, and organized manner. Operating in 26 states, five foreign countries, and supporting contingency operations as well, the ACAP serves everyone who is leaving the Army — soldiers, Army civilians, and eligible family members. The ACAP synchronizes transition services through Transition Assistance Offices and Job Assistance Centers at major installations. Certain ACAP offices are charged with the responsibility to serve smaller installations within their geographic area. The ACAP Transition Assistance Office provides total quality management to the transition process; its manager serves as the principal adviser to the commander on transition matters. A visit to the ACAP office is mandatory for all separating soldiers, who receive an assessment of their personal transition needs from an ACAP counselor. The ACAP Job Assistance Center

The Army Career and Alumni Program (ACAP) provides a comprehensive system to assist people leaving the Army. Operating in 26 states, five foreign countries, and supporting contingency operations as well, the ACAP serves everyone who is leaving the Army -- soldiers, Army civilians, and eligible family members.



provides standardized job search skills training, resume assistance, and referrals to external employment organizations. Each Job Assistance Center fully utilizes the Department of Defense Outplacement Referral Service, the Transition Assistance Bulletin Board, and other automated job assistance tools. Job assistance services are now available under ACAP's franchising initiative. Franchise services are provided on a reimbursable basis and are tailored to meet the specific needs of individual agencies. Since its inception in 1991, the program has provided services to over 400,000 individuals. Ultimately, ACAP promotes the ability to both recruit and retain a quality force and is an integral part of the total Army life cycle.

#### MORALE, WELFARE, AND RECREATION

Morale, Welfare, and Recreation (MWR) programs remain a vital element of quality of life for soldiers, both at home and while deployed, and their families. In August 1994, the Army published an MWR strategic vision which defines strategies that ensure viable MWR programs for the future. It establishes goals in areas of corporate leadership, programs, human resources, financial management, facilities, and support services. The vision also establishes guiding principles that focus on returning nonappropriated funds to America's Army through the provision of market-driven services, activities, and capital improvements. The MWR Strategic Action Plan will implement the vision by defining the actions necessary to accomplish the goals and objectives.

#### INCREASED OPPORTUNITIES FOR WOMEN

Recognizing that readiness is enhanced by eliminating unnecessary barriers to service, the Army has expanded opportunities for Army women. Women comprise almost 13 per cent of the active Army, almost 8 per cent of the National Guard, and over 21 per cent of the Army Reserve. As of October 1, 1994, 91 per cent of the Army's career fields and 67 per cent of Army positions are open to women. Eighty-seven per cent of the Army's enlisted military occupational specialties, 97 per cent of warrant officer specialties, and 97 per cent of officer specialties are open to women, who serve today in important leadership positions throughout our officer and noncommissioned officer corps. The Army has opened over 41,000 additional positions to women in attack and scout helicopter units, military police companies, chemical reconnaissance and decontamination teams, military

"We are a diverse force that reflects the best of America. We have learned that equal opportunity is a core value for the Army because it is essential to maintain our readiness and to ensure that soldiers are treated with, and treat others with, fairness and dignity."

- Secretary of the Army Togo

D. West, Jr.

October 1994.



intelligence units, forward support teams, medium girder/assault bridge companies, and ceremonial units in the nation's capital. The headquarters of maneuver brigades, forward area air defense artillery battalions, special forces groups, combat engineer battalions, and armored cavalry regimental aviation squadrons have also been opened to women.

#### THE ARMY EQUAL OPPORTUNITY PROGRAM

America's Army treats all its members with dignity and respect. The Army remains committed to providing a proactive equal opportunity program. Equal opportunity initiatives contribute to readiness and are critical in establishing a positive working environment for soldiers and civilians. The Army recognizes that sexual harassment impacts negatively on unit cohesion and individual well-being; Army leaders are committed to eradicating it. The Army implemented changes to its equal opportunity program in 1994 that improve timeliness of complaint resolution, document both formal and informal complaints, improve complaint channels, define the duties of the equal opportunity advisor, provide feedback to the complainant, and institute an appeals process. The Army has established equal opportunity hotlines at all installations and mandated equal opportunity training throughout all phases of professional military education and twice yearly in units. A

standardized, Army-wide, reproducible complaint form was introduced in January 1994. The Army has also established timelines to resolve complaints. Mandatory unit training on the new system occurred in the spring and summer of 1994. During the last two years, there was a slight increase in the aggregate number of equal opportunity complaints. A slight rise in the number of sexual harassment complaints may indicate that the Army's training efforts in this area are beginning to pay off. Commanders and leaders at all levels continue to informally resolve problems at the lowest possible level. The Army continues to use internal assessments, as well as assessments of outside human resource consultants, to identify areas of concern. America's Army remains committed to a proactive equal opportunity program to eradicate discrimination based on race, color, religion, sex, or national origin.

### ACCESS TO THE RESERVE COMPONENTS

Maintaining the Army's role as a strategic force supporting US foreign policy requires the full integration of the active Army, National Guard and Army Reserve. When needed, the Guard and Reserve provide highly trained units and individual soldiers to support operations. The Guard and Reserve provide capabilities not needed on active duty during peacetime, at significant savings. It is crucial that the Army have ready access to those units and individuals when the nation calls. To meet the needs of the nation, a new balance among active, Guard, and Reserve forces is being forged. At the start of a contingency mission, active units will form the bulk of a force, while high priority Guard and Reserve units will provide capabilities not found in the active force. As the operation continues, a larger proportion of forces will come from the Reserve Components, which will support deploying forces, back-fill active units and augment the mobilization base, reinforce sustained operations, and if needed, expand the Army to meet a resurgent global threat.

To achieve this new balance, the Army also must restructure and realign functions between the National Guard and the Army Reserve. In December 1993, then Secretary of Defense Les Aspin announced an Army National Guard and Army Reserve restructuring plan that will accomplish these objectives. Restructuring and realignment will not be enough, however. Like the Active Component, the Reserve Components will have to improve in capability, even as they decline in size. To improve unit and individual skills, the Army will associate 15 enhanced

When needed, the Guard and Reserve provide highly trained units and individual soldiers support operations. Here, an Army reservist trains at the Joint Readiness Training Center.



brigades from the National Guard with active Army combat units for training. The Army will ensure that these units receive sufficient resources to enable them to begin deployment to a crisis within 90 days from mobilization. In doing so, the Army is working to ensure these brigades are logically supportable, command and control compatible, and doctrinally employable by any US division or corps.

Title XI of the Fiscal Year 1993 National Defense Authorization Act addressed National Guard combat unit readiness. The Army has applied the provisions of the act equally to the Army Reserve. A detailed summary of progress under the act is at the appendix to this Posture Statement. The Army has instituted over 200 separate initiatives to improve the readiness of its active and reserve components to ensure they remain capable of force projection. In fiscal year 1992, US Army Forces Command instituted the Bold Shift program to enhance reserve component readiness by addressing soldier, leader, and unit training. Under this program, thousands of Active Component officers and senior noncommissioned officers help train the Reserve Components

In support of Bold Shift, the National Guard instituted Project Standard Bearer to prioritize resources and ensure attainment and sustainment of required levels of readiness by high priority Contingency Force Pool units and enhanced readiness brigades. Similarly, the Army Reserve instituted the Priority Reserve Initiatives in Mobilization Enhancement (PRIME) program in 1993 to provide mission capable troop program units and individual volunteers for short-notice Army contingencies. Taken together, these three initiatives ensure that early deploying units are fully manned, totally equipped and trained to standard.

The Guard and Reserve will also play an increasingly important role in military operations other than war. In January 1995, the Army will deploy a composite battalion task force made up of soldiers from the active Army, the Guard, and the Army Reserve to the Sinai for duty with the Multinational Force and Observer organization to perform peacekeeping duties until July 1995. Soldiers from the Guard and Army Reserve will comprise 80 per cent of the unit, designated the 4th Battalion, 505th Infantry. Leadership positions will be split equally between active and reserve component leaders, with the battalion commander and command sergeant major coming from the active component. Approximately 400 soldiers of the battalion came from the National Guard; the Army Reserve contributed 39 soldiers; the active component will make up the remainder. Reserve component volunteers reported for training throughout 1994. The Army Research Institute is conducting a series of assessments throughout the process of training, deploying, and recovering the unit to evaluate this rotation for suitability as a regular reserve component rotation.

#### A MODERNIZED FORCE

The Army's modernization strategy has fundamentally changed to keep in step with the realities of today's environment. America's Army is executing a strategy of buying a limited number of new weapons, such as the Comanche armed reconnaissance helicopter and the Advanced Field Artillery System/Future Armored Supply Vehicle, while extending the lives and improving the capabilities of our existing systems. This recapitalization allows management of scarce modernization resources by limiting large investments at this time, while inserting information technologies to provide high payoff and significantly increase the capabilities and utilization of proven weapons. This realistic and cost effective

strategy for the near to mid-term is called Horizontal Technology Integration (HTI) — the application of enabling technologies across multiple systems to improve the warfighting capability of the combined arms force. The Army's major HTI effort is the digitization of the battlefield — applying digital technologies across the force to effect an enhanced capability for all systems. Vertical Technology Integration (VTI) is the application of an enabling technology within a system to upgrade operational capability, to reduce cost, or to improve its warfighting capability. A good example of VTI is the Patriot Advanced Capability III program, which enhanced the operational capabilities of the Patriot air defense artillery missile system with an improved missile and radar, enhanced system emplacement capability, launcher modifications, and a remote launch capability. Despite the success of these upgrading efforts, the Army will reach the point where additional technological insertions to today's systems will provide only marginal improvements to capabilities. New, replacement weapons systems to accompany Comanche and AFAS/FARV must be developed for Force XXI.

"I firmly believe that we can and must continue to provide our forces the kind of advantage we had in Desert Storm. In the business world it might be called an unfair competitive advantage, but in combat it is called winning, and winning with minimum casualties."

- Secretary of Defense  
William J. Perry,  
February 22, 1994.



Some Army modernization is continuing, albeit at a slower pace than in the past. In fiscal year 1994, the Army fielded the OH-58D Kiowa helicopter to two battalions in the 2d Infantry Division and one in the Mississippi National Guard. The three assault helicopter battalions of the 101st Airborne Division (Air Assault) received new UH-60L Black Hawk utility helicopters. The M1A1 Abrams tank was fielded to selected active component and National Guard units, as well as to pre-positioned stocks. The Army fielded the Bradley Fighting Vehicle to pre-positioned stocks afloat and ashore, as well as to battalions of the Mississippi National Guard and the 1st and 2d Infantry Divisions. The Heavy Equipment Transport System was issued to the 1st Cavalry Division, the 24th Infantry Division, two National Guard brigades, Army Reserve transportation companies, and to pre-positioned stocks afloat. The year saw several artillery fielding actions. The Paladin 155mm self-propelled howitzer and the Field Artillery Ammunition Supply Vehicle were fielded to the 24th Infantry Division. The Army fielded the Multiple Launch Rocket System to two active component battalions and one National Guard battalion, with two additional National Guard battalions being currently fielded. Finally, the M119A1 105mm towed howitzer was fielded to three battalions in the 25th Infantry Division and to a battery in the Southern European Task Force. The Army continued to field the Heavy High Mobility Multipurpose Wheeled Vehicle — used in both Somalia and Haiti. To support the strategic mobility plan, the Army fielded three of the six required large tug boats, two to Army Reserve units and one to an active component unit. The only engineering systems fielded in fiscal year 1994 were three topographic engineering systems. In intelligence systems, the All Source Analysis System Block 1 — which provides commanders an all source intelligence fusion capability interoperable with automated command, control, computers, and intelligence systems — was fielded to four divisions and three corps.

Documents such as The Army Modernization Plan, The Army Science and Technology Master Plan, The Army Strategic Logistics Plan, and The Army Enterprise Strategy describe Force XXI's overall characteristics and define its parameters, critical capabilities, key technologies, and advanced concepts. These include command and control based upon shared, real-time situational awareness and a shared view of the battlefield; advanced day/night/adverse weather sensors; a networked organization; open systems and connections by electronic means; information systems that can rapidly and securely collect, store,

retrieve, and manage required data bases; more extensive use of commercial and military satellites; national and international commercial standards and protocols; commercial open systems architectures; more off the shelf and non-developmental items; information that reaches the warfighter when needed, in the form it is needed, protected against compromise; and communications on the move. The soldier stands at the center of everything the Army does. America's Army is giving its quality people new and exciting capabilities, including global positioning systems for navigation, heads-up displays for total situational awareness, and featherweight radio-microphone headsets. These are not laboratory prototypes; they are real; they have been used under fire.

### **STRATEGIC MOBILITY**

America's Army relies on strategic sea and airlift to move rapidly with overwhelming force to any place on the globe. The Army Strategic Mobility Program meets this power projection challenge and provides a critical linkage to Navy, Air Force, and Maritime Administration strategic lift programs.

America's strategic mobility capabilities are hinged on a critical triad consisting of pre-positioned unit equipment, strategic sealift, and strategic airlift, supported by world-class power projection installations. The first leg of the triad is pre-positioned

#### **A POWER PROJECTION "MUST"**

#### **THE STRATEGIC MOBILITY PROGRAM**

Strategic mobility is a "must" for a power projection army. The Army achieves strategic mobility through strategic air and sealift, equipment prepositioned ashore and afloat, and modern, capable power projection installations.



unit equipment. Since May 1992, the Army has reorganized its war reserves and operational project stocks. It reduced the size and scope of the programs to meet budget constraints while continuing to provide warfighting capabilities for two nearly simultaneous major regional conflicts. Stockpiles have been distributed into strategic common user stockpiles which support multiple regional commanders in chief, based on requirements for a scenario of two nearly simultaneous major regional conflicts. At the end of the consolidation, the Army will have stockpiles in the United States, Europe, Korea, Southwest Asia, and pre-positioned afloat.

The Congressionally mandated Mobility Requirements Study directed the Army to enhance its equipment and supplies pre-positioned afloat. The Army Pre-positioned Afloat (APA) package provides the critical sustained land combat power to counter the early risk generated between the commencement of hostilities and the arrival, by surge sealift, of the first two Army heavy divisions. It gives the Army the unique capability of establishing a significant armored force inland that is capable of operating great distances from a port. The Army Pre-positioned Afloat stocks have grown from four ships, pre-Desert Storm, to 12 ships as we move into the 21st century. The pre-positioned afloat fleet's objective size is 16 ships, which will give the United States the critical capability of delivering heavy forces early in a crisis.

In fiscal year 1994, the Army established an interim Army Pre-positioned Afloat package that is currently on station and ready to respond to major regional contingencies. The Army has pre-positioned afloat an armor brigade set of equipment with doctrinal field artillery, combat engineer, air defense artillery, chemical, signal, logistics, and military intelligence support. Corps/division level combat support and combat service support units and 15 days of supply are also pre-positioned. The interim package has 12 ships: seven Ready Reserve Force roll-on roll-off ships with unit equipment; three Lighter Aboard Ships with a portion of the contingency corps' supplies; one T-class Auxiliary Crane Ship; and one Heavy Lift Prep Ship for port opening. Two leased container ships will be operational in March and April 1995, completing the contingency corps' 30 day supply package.

These pre-positioned ships were used to deliver equipment to soldiers deploying to Southwest Asia in October 1994 — clearly demonstrating the real-world application of this important program.

Several pre-positioning ships provide equipment which, in addition to its wartime role, could be used to aid in disaster relief and humanitarian assistance efforts during operations other than war. The Army demonstrated this capability during Operation Support Hope in Rwanda when three APA ships arrived in Mombassa, Kenya, within nine days of receiving orders.

The second leg of the triad is strategic sealift. The Mobility Requirements Study identified a requirement for nineteen large medium-speed roll-on roll-off (LMSR) vessels to be added to the Navy's fast sealift fleet by the year 2001. Eight of these ships are programmed for the Army Pre-positioned Afloat package and the remaining eleven will be strategically berthed on the East, West, and Gulf Coasts for surge deployment of heavy forces. LMSR conversion is progressing on five container ships, with delivery scheduled for fiscal years 1995 and 1996. Six contracts have been awarded for "new build" ships, with the first delivery in 1997. The Mobility Requirements Study recommended a total of 36 roll-on roll-off (RO/RO) ships be maintained in the Ready Reserve Fleet in a reduced operating status. The Maritime Administration currently has 29 RO/RO ships in the Ready Reserve Fleet. The Maritime Administration is reprogramming for the purchase of the remaining roll-on roll-off ships. Seven of the current 29 roll-on roll-off ships are being used in the interim APA until replaced by LMSR ships in 1996. The Military Sealift Command fleet also

Strategic sealift is vital to a power projection Army.



includes eight Fast Sealift Ships. The Navy's acquisition efforts and the Maritime Administration's initiatives have the strategic sealift program well on course. Additionally, the Army has begun to explore its requirements for future sealift technologies needed to support Force XXI.

The third leg of the triad is strategic airlift. Strategic airlift is a "must" for power projection. The Mobility Requirements Study validated the need to modernize our airlift capability and validated the requirement for 120 C-17 Globemaster III aircraft. The capabilities represented by the C-17 are critical to the Army's power projection requirements. The C-17 will allow strategic access to additional airfields world-wide, will carry outsize equipment like the M1 Abrams tank, and will enable faster force closure. Seventeen C-17 aircraft have been manufactured for the Air Force and 11 have been delivered to the first operational squadron at Charleston Air Force Base, South Carolina. This squadron reached initial operational capability in January 1995. The remaining six aircraft are used for developmental and operational testing and will be delivered to the Air Force after modifications and upgrades are completed.

#### POWER PROJECTION INSTALLATIONS

The ability to deploy forces by air and sea does not equal a deployable Army. Success also depends on transforming Army installations into world class power projection platforms from which the Army prepares and deploys forces. Deployment is supported and facilitated by installations. Strategic mobility requires modern rail systems, airfield and port deployment operations, and installation storage facilities to ensure that our nation can project forces anywhere in the world. Installations must meet rigid requirements to ensure strategic agility and sustainment. Deployed Army forces will be directly linked — via seamless communications and information management networks — to installations, which will provide sustaining supplies, equipment, and spare parts. To ensure our forces maximize use of critical airlift and sealift capabilities, the Army has identified and prioritized over \$735 million in infrastructure improvements at 21 key installations and depots throughout the nation. Improvements include rail upgrades, airfield upgrades, and enhancements in warehousing and other deployment facilities. The Army will also purchase approximately

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16,000 containers and over 1,000 rail cars to improve its deployability. The Army is also continuing its Sealift Emergency Deployment Readiness Exercises to ensure deploying units and supporting installations have the training to support power projection.

#### THE ARMY INSTALLATION MANAGEMENT ACTION PLAN

The Army is meeting its installation challenges head-on. Through the Army Installation Management Action Plan, the Army will improve installation management by promoting a consistent approach to long-range planning and by implementing initiatives relating to installation goals in eight areas: reshaping installations to power projection platforms; enhancing quality of life; totally integrating environmental stewardship into installation operations; establishing and resourcing an installation investment plan; redesigning installation business processes; achieving community, inter-service, and interagency partnerships; attaining resource management flexibility; and transforming the Army's human resource programs. The plan establishes a framework for installation management planning. It clarifies the impact of key initiatives; recommends broad policy changes to enhance efficiency; improves the commander's ability to plan, program, and budget; enables installation commanders to align plans with future challenges; and fosters communication between major commands and installations.

#### THE INSTALLATION STATUS REPORT

As the Army reshapes its installations as power projection platforms, it must have a way to measure the strengths and weaknesses of every installation. Based on the management value of the long-standing Unit Status Report, the Army developed a similar Installation Status Report, a mechanism designed to provide commanders and Department of the Army, with an assessment of installation infrastructure (facilities), environment, and services. This report gives Army managers an objective means to compare conditions across installations and across functional areas. The report has three components: infrastructure, environment, and services. Part I, Infrastructure, has been approved for implementation. Its objectives are to assess installation conditions using Army-wide standards, to articulate installation and Army needs, to assist in prioritizing programs and projects and in allocating resources, and to measure progress. The Army's goal

is to receive initial reports in Spring 1995. Part II requires further refinement and coordination before implementation; part III will be developed in fiscal year 1995 and is targeted for testing and fielding in the United States in fiscal year 1996. Adaptations for overseas installations and for the reserve components will be implemented in the cycle following the first fielding in the United States.

## BASE OPERATIONS

Base operations — those activities that keep Army installations running — have been adversely affected by diminished resources. Base operations are essential to maintaining a trained and ready Army, to maintaining an acceptable quality of life for soldiers, civilians, and their families, and to developing complete power projection and sustainment. Readiness is affected by base operations in such areas as maintenance of ranges and training areas, food service and supply operations, and installation-level maintenance for deployable units. Despite these investments, repeated underfunding in base operations has adversely affected Army installations; it has been the practice for installation commanders to divert funds from operational tempo and training to pay for essential services. Real property maintenance is underfunded by more than 47 per cent and Army facilities continue to deteriorate as resources diminish. The backlog of maintenance and repair — the Army's end-of-year estimate of required projects not accomplished due to funding shortfalls — is expected to rise to an unprecedented level of \$4.9 billion by the end of fiscal year 1996. These critical maintenance and repair projects impact on all facility categories, particularly barracks and utility infrastructure.

## ARMY HOUSING

Quality soldiers and their families deserve the best living conditions the nation can provide. For the single soldier, the Army's goal is to transform existing barracks into single soldier communities. The Army's Whole Barracks Renewal Program provides funds for the construction of new barracks and the renovation of older barracks to make them more like homes. Enhancements under this program include 110-square feet of living space for each junior enlisted soldier, walk-in closets, more parking space, and a laundry, day room, kitchen, and mailroom in each soldier community building. Supply and administrative areas currently in many barracks will be moved to separate company operations facilities. At the goal of \$250 million a year for this

"Our housing problem is going to be a tough nut to crack. This problem has developed over the past decade -- particularly, a shortage of housing for junior enlisted and junior officers."

- Secretary of Defense

William J. Perry,

September 13, 1994.



effort, it will take approximately 23 years to upgrade the Army's entire inventory of aging, substandard barracks. Until they can be upgraded or replaced under Whole Barracks Renewal, failed infrastructure systems in older barracks will require extensive maintenance and repair, efforts managed under a new program termed "Bridging the Gap." Installations across the Army are implementing local bridging the gap initiatives to make life better for single soldiers today. Projects include repairs to major components like heating and air conditioning systems, roofs, latrines, laundry facilities, plumbing, and electrical systems. Projects like these are accomplished using installation engineer assets, job order contracting, civilian contracts, troop labor, and self-help.

When family housing is combined with single soldier housing, the Army owns living quarters to house more soldiers and family members than there are people living in Washington, DC. Army family housing provides essential support to military families, especially at installations where off-post housing is limited or very expensive. With the Whole Neighborhood Revitalization Program, the Army has initiated a major effort to upgrade its over-aged family quarters to current standards. A major portion of the Army's family housing inventory is between 35 and 40 years old, in poor condition and in need of revitalization. Funding for Army

Family Housing has declined 30 per cent since fiscal year 1985, while the inventory has declined only 17 percent, thereby limiting the Army's ability to maintain even current standards. The Army's goal is to upgrade or replace — but not to increase — the required inventory over a period of years.

#### BASE REALIGNMENT AND CLOSURE

The Army supports the Base Realignment and Closure (BRAC) process and continues to execute the decisions reached through the process. In approaching BRAC, the Army has sought to maintain adequate training space, enhance quality of life for our soldiers, Army civilians, and their families, and to retain the long-term capacity to station the Army in the United States. As of the end of fiscal year 1994, the Army has closed 74 of 77 installations scheduled for closure under the 1988 BRAC Commission. One of these, the Presidio of San Francisco, was transferred to the Department of the Interior in October 1994, with Sixth US Army continuing to occupy facilities on the Presidio under a special use permit. Of 656 overseas closures announced through October 1994, the Army has executed 493 full and 37 partial closures in Europe; 17 full and seven partial closures in Korea; and one closure in Panama. When completed, the Army's overseas base closures to date will be roughly equivalent, in square feet of facilities, to closing Fort Hood, Fort Bragg, Fort Benning, Fort Stewart, Fort Lewis, Fort Knox, Fort Leonard Wood, Fort Campbell, Fort Bliss, Fort Carson, and Redstone Arsenal. Under the 1991 BRAC recommendations, the Army has closed the Woodbridge Research Facility of the Harry Diamond Laboratory in Virginia; closed Fort Ord, California, and transferred two land parcels to the University of California; closed Sacramento Army Depot, California; completed the move of the 5th Infantry Division (now 2d Armored Division) from Fort Polk, Louisiana, to Fort Hood, Texas; and initiated the move of the 10th Special Forces Group from Fort Devens, Massachusetts to Fort Carson, Colorado. The Army has completed one realignment and initiated action to implement one closure and three other realignments under the 1993 BRAC recommendations. Preparations for the 1995 BRAC Commission's work have begun. In accordance with the President's five-point Community Reinvestment Program, the Army will work with local communities to expedite the reuse of those installations being closed. As an example, reuse plan for the closing of Sacramento Army Depot in California will bring Packard Bell, a *Fortune 500* company, into the community.

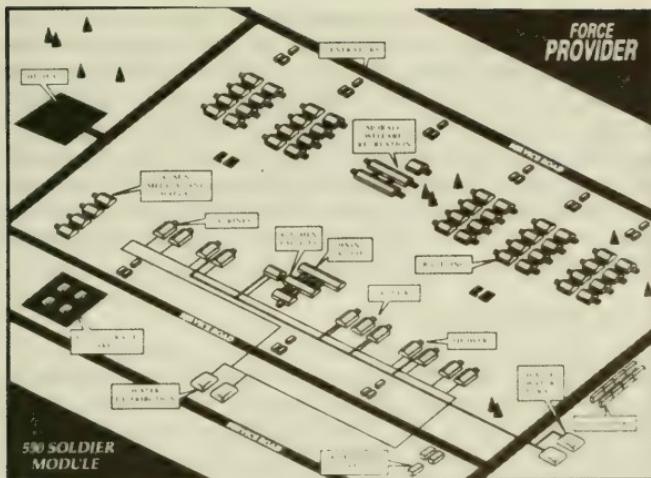
Progress has also been made in reducing Army infrastructure in terms of the value of the facilities plant. By fiscal year 2000, the Army will have reduced plant value on hand in fiscal year 1987 by 29 per cent. Most of this reduction is taking place overseas and in the United States through base closure actions. Demolition and other initiatives represent the remainder of the reduction. Although the Army has an aggressive demolition and disposal program, this is partially offset by construction and acquisitions. The Army cannot afford to demolish all of its excess facilities. The Army is continuing to hold considerable industrial and production plant infrastructure that is no longer required; this infrastructure requires costly environmental remediation prior to disposal of the properties. Postponement of the disposal of this inventory will result in increased future remediation costs.

#### THE LOGISTICS CIVIL AUGMENTATION PROGRAM

The Logistics Civil Augmentation Program supplements — or if necessary can serve in lieu of — existing combat support and combat service support force structure by obtaining civilian contractual assistance during peacetime to support wartime or crisis logistical support requirements. It is especially useful for crises in under-developed regions of the world with little or no peacetime US military presence. The program was extensively used in Somalia, where Brown and Root Services Corporation provided sanitary waste and refuse removal, water production and distribution, electrical power, base camp construction and maintenance, transportation, warehousing, and maintenance of main supply routes. It was also used in Haiti.

#### FORCE PROVIDER

Force Provider provides the front-line combat soldier a brief respite from the rigors of a combat theater. Each Force Provider module contains all of the material necessary to provide quality food, billeting, laundry, shower, and morale, welfare, and recreation services to 550 soldiers. This capability may also be used for force projection, theater reception and reconstitution missions, humanitarian assistance, disaster relief, and peace support missions. One module was used to support US personnel in the Caribbean during 1994 Haitian refugee interception operations. The Army plans to procure up to 36 modules, with 24 modules to be stored in US depots and the remaining 12 pre-positioned afloat.



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### A TRAINED AND READY FORCE

While the Army pursues the exciting possibilities of the future, it is ever mindful of the requirement to stay trained and ready today. Recent events in Iraq, Haiti, Rwanda, and Korea are evidence that crises may erupt at any time — and that the nation may need to call on its Army. If that happens, the President will not ask if the Army is ready. He will assume — and he has every right to assume — that the Army is ready to secure the nation's interests, wherever and whenever needed.

America's Army has maintained its steadfast commitment to quality training, but is facing many challenges in institutional and home station training during the downsizing of the force. Participation in contingency operations consumes funds and time necessary to maintain full operational proficiency and contributes to unit turbulence. Institutional training, which provides progressive development of soldiers throughout their careers, is facing a similar challenge as manpower and funds decline.

The Army's operating forces meet training readiness objectives primarily through training at their home stations. Quality home station training is reinforced by training at a combat training center. The Army's combat training centers provide the richest

unit training by virtue of a professional staff and opposing forces, instrumentation on the mock battlefield, and feedback to the participants. The Chairman, Joint Chiefs of Staff (CJCS), exercise program exercises Army forces under the warfighting headquarters of regional commanders in chief. To enhance training and maximize scarce training dollars, the Army is investing in simulators and simulations. It is also enhancing training of the Army National Guard and Army Reserve. These efforts will pay large dividends, both now and for the future, by preserving a trained and ready force tomorrow and into the next century.

### COMBAT TRAINING CENTERS

Combat Training Centers (CTCs) are the centerpiece of the Army's training system. The CTC program includes the National Training Center (NTC) at Fort Irwin, California; the Joint Readiness Training Center (JRTC) at Fort Polk, Louisiana; the Combat Maneuver Training Center (CMTC) at Hohenfels, Germany; and the Battle Command Training Program (BCTP) at Fort Leavenworth, Kansas. The objective of the CTC program is to provide realistic, tough, and stressful joint, inter-service, and combined arms training according to Army and joint doctrine. The CTC program uses a world-class opposing force, five different scenarios, professional observer/controllers, and an environment of unrestricted force-on-force training and live fire exercises that approximate actual combat. The introduction at CTCs of military

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operations other than war, peace enforcement operations, non-governmental agencies and civilians on the battlefield, and Army warfighting experiments have had a significant impact on Army doctrine and training. Soldiers are being trained on the full array of tasks they may called upon to perform. The CTC program increases unit readiness for deployment and warfighting; develops bold, innovative leaders through stressful tactical and operational exercises; imbeds doctrine throughout the Army; provides feedback to training participants, and provides a source of lessons learned to improve doctrine, training, leader development, organizations, and materiel.

During fiscal year 1995, 77 maneuver battalions will train at the three maneuver CTCs. The Army's goal is for all commanders of active component combat maneuver and special operations force battalions to train at a combat training center at least once during their command tours. The National Training Center objective is to sustain 12 rotations (or training cycles), with scenarios of mid to high intensity conflicts. The Joint Readiness Training Center goal is 10 cycles a year, with scenarios including peace enforcement operations through mid intensity conflicts. All rotations at the JRTC include special operations forces. The Battle Command Training Program objective is to train all active component division and corps staffs once every two years and all National Guard division staffs once every three years. Using a separate program called Brigade Command and Battle Staff Training, the BCTP also conducts training 14 times a year for reserve component brigade and battalion commanders and their battle staffs.

#### FUTURE ARMY SCHOOLS — TWENTY FIRST CENTURY

Through an initiative called Future Army Schools — Twenty First Century, the Army is establishing an effective and efficient school system with fully accredited and integrated active Army, National Guard, and Army Reserve schools. This system will provide the Army a schoolhouse that shares the training load, uses certified instructors, meets equal accreditation standards, and teaches standard courses. Under this system, the United States is divided into regions, with each Army component responsible for its share of institutional training. The plan will be implemented in phases, using lessons learned from a prototype now being tested, and will be completely implemented by fiscal year 1998.

## MAJOR EXERCISES

Unilateral, joint, and combined exercises are vital for the Army to maintain its training edge. Joint exercises are conducted with another Service and combined exercises are conducted with the armed forces of another country. Joint and combined exercises are normally conducted through the Chairman, Joint Chiefs of Staff (CJCS) exercise program, which is designed to improve the warfighting capabilities of the regional combatant commanders-in-chief (CINC). These exercises allow Army forces the opportunity to train under the operational controls of the warfighting CINCs. Changes in political environment, budget constraints, and reduced force structure have resulted in fewer large-scale exercises with thousands of troops in the field. In recent years, increased emphasis has been on smaller, regionally oriented exercises and computer assisted exercises.

In fiscal year 1994, the Army participated in the following CJCS exercises: *Fuertes Caminos*, joint/combined engineer construction exercises conducted in Columbia, El Salvador, Honduras, and Guatemala; *Intrinsic Action*, the twice yearly deployment of a battalion task force to Southwest Asia; *Bright Star 94*, the deployment of a heavy task force from the 24th Infantry Division to Egypt; *Keen Edge 94*, a computer assisted exercise to

"... we have seen a number of efforts to realize the lessons learned from combat experience of the last several years. The most compelling of those lessons, in my view, are two: (a) the Army will fight as it is trained to fight, and (b) in this time of precision munitions and smart weapons, the individual combat soldier is the ultimate smart weapon."

- Secretary of the Army Togo D. West, Jr.  
November 18, 1993.

improve interoperability between US and Japanese forces; *Cobra Gold*, an annual joint/combined command post exercise in Thailand designed to improve US-Thai interoperability and demonstrate US resolve to support Asian nations in the event of hostilities; *RSOI*, an annual joint/combined seminar in Korea that addresses reception, staging, onward movement, and integration of reinforcing forces; *Dynamic Impact 94*, a field and command post exercise sponsored by Commander

in Chief, Europe, to reinforce the southern region; *Agile Provider 94*, a field training exercise to train the US Atlantic Command battle staff and component joint task forces in planning and conducting joint contingency operations; *Ulchi-Focus Lens*, an annual joint/combined command post and computer assisted exercise conducted in conjunction with South Korean forces to prepare US forces to deploy rapidly to Korea; and *Market Square 94*, a field training exercise sponsored by the US Atlantic Command involving a contingency scenario. In fiscal year 1995, the Army will participate in approximately 50 CJCS exercises.

To examine the Army's ability to allocate scarce resources and execute its Title 10 responsibilities, a second General Headquarters Exercise was directed by the Chief of Staff. Set in the fiscal year 1998-1999 time frame and using programmed forces, equipment, and strategic lift for those years, the General Headquarters (GHQ) Exercise 94 was a four phase exercise with a scenario involving a major regional conflict and large operation other than war occurring simultaneously. GHQ 94 allowed the Army to exercise Force XXI concepts in the major regional conflict and to exercise plans for rotation forces in the large operation other than war. Each phase of the exercise included the active participation of the US Transportation Command, major Army commands, and a crisis action team from Headquarters, Department of the Army. A senior leader seminar, chaired by the Chief of Staff, was conducted to examine insights from each phase of the exercise. The warfighting phase of the exercise was meshed with an exercise at the Army Command and General Staff College and incorporated proposed 21st century technology developed by Army Battle Labs.

Insights from this and the previous GHQ exercise confirmed the Army's requirement for early access to selected reserve component units and individuals and the limitations experienced when the Presidential Selected Reserve Call-Up is delayed. The exercise also validated the Army's need to attain total visibility of units, people, and equipment. As a result of this exercise, the Army has begun to identify and correct problems that arise when scarce resources must be allocated in two contingency plans executed nearly simultaneously. This was particularly true for combat service support units. As America's Army continues to transform itself for the 21st century, these insights and others will provide the basis for further experimentation and force design.

#### LEADER DEVELOPMENT

The future will challenge the leaders of America's Army — officer, non-commissioned officer, and civilian — who will be characterized by their ability to successfully integrate and capitalize on the advantages technology can provide the future force. Additionally, and even more importantly, leaders will have to operate in ambiguous, uncertain, and complex environments. The hallmark of future Army leaders will be their ability to adapt to rapidly changing situations. The development of confident, competent leaders is one of the Army's fundamental imperatives.

The future will challenge the leaders of America's Army. Leaders will have to operate in ambiguous, uncertain, and complex environments. The hallmark of future Army leaders will be their ability to adapt to rapidly changing situations.



Army leaders must be "grown." It takes 15-17 years to develop a first sergeant or battalion commander. The Army's recent successes are directly tied to a two-decade investment in leader development. The challenge is to continue this investment, to educate leaders who will confront the dynamic and dangerous world around them, today and tomorrow. The Army's leader development system is organized around three pillars: institutional training and education, operational assignments, and self-development. Smart use of emerging information technologies permits us to synergistically mesh the 3 pillars into a seamless whole. Part of this is the creation of interactive classrooms, classrooms without walls, and classrooms linked to data bases around the world. The Army is also examining uses of simulations and data storage as tools for staff planning and analysis. These technologies and concepts will create open schools and centers, with information freely available to all leaders in the field.

The Army's training focus has changed from fighting the Cold War to preparing for regional conflicts and participating in military operations other than war. Current initiatives include determining branch-immaterial commands for medical officers; identifying, developing, and tracking simulations-oriented officers; identifying progressive and sequential leadership training for Army civilians; meshing the active and reserve components by placing

more active soldiers in support of reserve component units; identifying a recommended reading grade level for the non-commissioned officer education system; and consolidating all active and reserve component warrant officer training at the Warrant Officer Career Center.

#### SIMULATORS AND SIMULATIONS

The use of high technology is revolutionizing Army training. The Army uses the full spectrum of simulations to mitigate restrictions due to environmental and affordability concerns. These simulations allow the Army to exercise the battlefield capabilities of increasingly complex warfighting systems. Keyed primarily on training development during the past 10 years, simulations are playing a rapidly increasing role throughout the Army, shaping training, research and development, and force development decisions. Simulations are the basis for the Army's future training strategy. Live simulations augment field training with realism and provide invaluable feedback to commanders. Virtual simulations allow repetitive, low-cost training while simultaneously raising individual and crew proficiency. Constructive simulations provide tough, challenging command and staff training at all echelons, including joint operations.



Training devices like this Stinger Troop Proficiency Trainer allow realistic training at acceptable cost and minimized environmental impact.

Combat Training Centers are at the forefront of this revolution in training. The introduction of an upgraded Multiple Laser Engagement System (MILES) provides much greater fidelity of battlefield results by providing near-miss indicators and the appropriate casualty and damage assessment in real time. For the first time, the Army can accurately simulate the effects of artillery, naval gunfire, mortars, close air support, mines, and nuclear, chemical, and biological weapons.

The Army's premier simulator program is the Combined Arms Tactical Trainer. This program will develop virtual, networkable simulators for mechanized infantry, armor, aviation, engineer, field artillery, and air defense artillery that will train soldiers to fight in "digital dirt." Using this system, commanders will be able to accurately synchronize all battlefield operating systems. High risk and hazardous tasks will be trained repeatedly in a safe environment and at an affordable cost. In 1994, the Army linked the Combat Service Support Training Simulation System and the Corps Battle Simulation. For the first time, commanders managed all classes of supply and fully integrated logisticians into a simulated battlefield. The Army will field its Warfighter Simulation (WARSIM) 2000 in fiscal year 1999. WARSIM will use digital terrain to provide an effective mission rehearsal capability at battalion level and above. It will simulate the entire spectrum of military operations, providing commanders the ability to train on their entire range of missions, a great improvement over current simulations that focus primarily on mid to high intensity conflict. The Simulation in Training for Enhanced Readiness (SIMITAR) program is a congressionally mandated project designed to inject technology to improve National Guard training. SIMITAR is developing technologies and innovative training strategies to create synthetic environments that emulate the ranges, training areas, and facilities not available to reserve component units. This program delivers high pay-off training to the local armory, enhances training realism, increases the quality and timeliness of feedback, and delivers consistent training challenges.

#### OVERSEAS DEPLOYMENT TRAINING

In 1994, almost 45,000 National Guard and Army Reserve soldiers completed overseas deployment training, participated in exercises, supported combatant commands and United Nations peacekeeping forces, and provided nation assistance. Begun in 1976, the Overseas Deployment Training Program reinforces the

command relationships between reserve component units and wartime gaining commands, strengthens the readiness of gaining commands, and supports worldwide priorities. As an example, the National Guard deployed military police platoons to Panama and Honduras to augment existing forces. As part of nation assistance under this program, Guard soldiers also constructed 27 kilometers of road, 31 schools, 34 medical clinics, one home for the elderly, four bridges, three culverts, and 16 wells. Also under this program, both Guard and Reserve soldiers assisted in the retrograde of equipment from Europe.

#### OPTEMPO AND READINESS

The concept of operational tempo (OPTEMPO) provides an estimate of the funds necessary for fuel, spare parts, and other recurring costs of unit home station operations, training, and maintenance. The methodology used to develop OPTEMPO requirements is an events-based, type unit-specific Battalion Level Training Model. Prior to fiscal year 1991, this methodology was supported by analysis of monthly unit status report data in conjunction with quarterly ground mileage and flying hour execution data. The Army continues to preserve funding for the active component fighting force at 800 tank miles per year and 14.5 flying hours per month.

There are two pieces to the OPTEMPO funding estimate. Direct OPTEMPO includes petroleum products, repair parts, and depot level repairs. Indirect OPTEMPO consists of other recurring operating costs like organizational clothing and individual equipment; nuclear, biological, and chemical warfare supplies; rail transportation costs; and civilian pay. OPTEMPO is based on centralized programming at the Department of the Army, with decentralized execution at the unit level. The Training Resource Model is a programming tool, not a training readiness reporting tool.

*Readiness is more than OPTEMPO.* The Army Staff is working on a concept called Operational Readiness that will reflect the total cost of preparing a unit to go to war. As well as OPTEMPO, it includes ammunition; training aids, devices, simulators, and simulations; ranges; land; maintenance; and power projection facilities. The concept will provide a common perspective on DoD's "dollars to readiness" initiatives. Operational Readiness codified Army policy that total readiness is more than just the equipment

operations and force structure funds in the OPTEMPO account. It defines readiness with more rigor, and establishes a framework to more accurately assess and report readiness and resource execution. To further develop Operational Readiness and move it from concept to execution, the Army is revising its training strategies.



*"During these past two years, our military has time and again demonstrated its readiness and its war-fighting and peacekeeping capabilities. From Korea to Macedonia, to Rwanda and Haiti, we have placed great burdens on our men and women in uniform, and they have responded magnificently."*

- President William J. Clinton, December 1, 1994.



## 5 ANSWERING THE NATION'S CALL

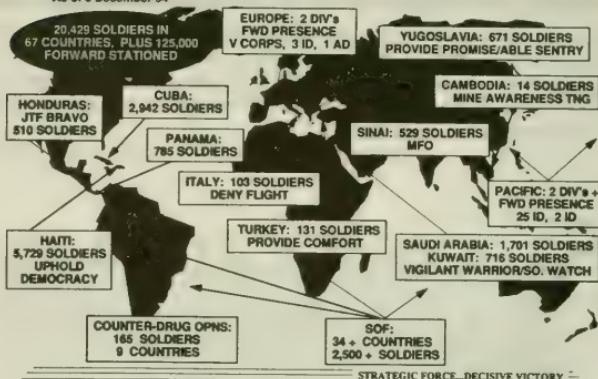
With the fall of the Berlin Wall, some predicted that the world was entering an age of peace. However, world events since then have been anything but peaceful — and the nation has called on America's Army to an unprecedented degree to execute a variety of missions around the globe, as well as here at home. Only the training, discipline, and high quality of the American soldier and leaders has allowed America's Army to execute these missions successfully. As the Army has grown smaller, individual soldiers and units have been repeatedly deployed to execute combat operations and military operations other than war. This chapter will review events of the past year and the achievements of an Army answering the nation's call.

### SERVING IN MANY WAYS

America's Army serves the nation in many ways. The Army's most important mission is to fight and win the nation's wars. Because it prepares so strenuously for war, America's Army can also execute military operations other than war, which require the same well-trained, disciplined troops that the nation relies upon for combat. In the last year, American soldiers have upheld democracy in Haiti, provided pure water and relief supplies to Rwandan refugees in Zaire, conducted peacekeeping exercises in Russia, kept the peace in the Sinai, supported refugees in the Caribbean, shielded the Kurds in Iraq and faced down renewed Iraqi aggression in Kuwait, protected United Nations operations in Somalia, treated the wounded in Croatia, demonstrated resolve in Macedonia, and deterred aggression in Korea. America's Army also provided earthquake relief in Los Angeles, supplied flood relief in Georgia and Texas, fought fires in the American West, and continued to support law enforcement efforts to stem the flow of illicit drugs into the United States.

**The Army Today - Engaged Worldwide**

As of 8 December 94



"Three years ago, we had hardly heard of Rwanda, of Kigali, of Mogadishu... But I will tell you, American soldiers have been there and faced the reality of what is going on in the streets of Port-au-Prince, Cap Haitien, and Guantanamo."

- General Gordon R. Sullivan,  
October 18, 1994.

This impressive record of service is possible because of the high quality of the men and women serving the nation as American soldiers. A quality Army is not possible without quality soldiers. Our soldiers reflect the best of America's diverse society. In a world of precision munitions and high technology weapons, the individual American combat soldier is the ultimate smart weapon. However, this service comes with a price. Americans were all reminded of that price in May 1994, when President Clinton presented the nation's highest award for valor, the Medal of Honor, to the widows of Master Sergeant Gary I. Gordon and Sergeant First Class Randall D. Shughart, killed in action the previous October in Somalia. Since 1989, the Army has awarded over 700 Purple Hearts to soldiers killed or wounded in action and presented another 1239 medals for valor. Army families also pay a price. Our soldiers train hard and they work hard. On average, they spend 138 days every year away from home, leaving their spouses and children behind. Some military police soldiers have spent the last five holiday seasons away from home — in Operations Just Cause and Desert Shield, for Hurricane Andrew, in Somalia and now in Haiti.

**MILITARY OPERATIONS OTHER THAN WAR**

Military operations other than war are becoming more and more common and the Army is becoming more and more

experienced in executing them. Long over-shadowed by the Cold War mission of defending against a communist threat, military operations other than war are not new to the Army; in fact, America's Army has been conducting these operations for years, serving as a force to create stability, to secure and control populations, and to create the conditions for a return of civil society. Following World War II and the Korean War, for example, the Army established an environment in which democracy could evolve in Japan, Germany, and in Korea. In 1994, the most dramatic operation of this type, one which continues as this Posture Statement goes to press, is the US intervention to uphold democracy in Haiti. These operations are monuments to the achievements of today's power projection Army — an Army that has transformed itself while simultaneously maintaining readiness and meeting increased operational commitments in a period of diminishing resources.

#### HAITI

Operations in Haiti demonstrate many things about America's Army today. First, they demonstrate the Army's versatility to tailor itself to accomplish a large range of tasks, to project power



"The men and women who have served in Haiti have proved that America's word is good, and they have kept our word. Our military is the best trained, the best prepared, the best equipped, and the most highly motivated fighting force anywhere in the world. They have proved that again and again. They are proving it today in Haiti."

- President William J. Clinton,  
October 6, 1994.

on short notice to any part of the world, and to adapt its operations to a changed mission on even shorter notice. Originally tailored to forcibly enter the country to restore the democratically-elected Haitian government, Army forces quickly adapted to a changed mission, entered the country without opposition, and implemented an agreement between the United States and the de facto government. Each night on CNN, the American people saw young American soldiers thinking on their feet, reacting to difficult and confused situations, and making life-or-death decisions under the most stressful conditions. Those soldiers, and their leaders, personify the versatility and professionalism of America's Army.

*Operation Uphold Democracy demonstrated that force, or the threat of force, is still an important partner of diplomacy in today's changing world — and that America's Army provides the joint force commander with the force of decision.* It is reasonable to assume that the de facto Haitian government's decision to accede to US demands came because a US military force capable of seizing and occupying territory was en route. In the final analysis, General Cedras could not ignore the imminent arrival of U.S. ground forces.

Haiti also demonstrated both an unprecedented level of joint operations and the operational concept of simultaneity. A Navy admiral commanding Atlantic Command chose the Army's XVIII Airborne Corps as a joint task force headquarters. Commanded by an Army general located on a Navy command ship, this joint task force of Army, Navy, Air Force, Marine, and Coast Guard units was prepared to execute simultaneous (rather than sequential) combat actions throughout the area of operations. The simultaneous application of complementary capabilities is a key element of today's doctrine. Both Army Rangers and soldiers from the 10th Mountain Division were prepared to assault the island at night in helicopters launched from Navy aircraft carriers, while soldiers of the 82nd Airborne Division were to be carried into battle from their base in North Carolina by Air Force transports.

The operation also demonstrated successful activation of the Ready Reserve Force, a critical part of the nation's strategic sealift capability. The US Transportation Command requested the activation of 14 Ready Reserve Force ships from the Maritime Administration in support of Operation Restore Democracy. Maintained in reduced operating status, the ships were activated in three groups. The first group, seven roll-on roll-off ships,

averaged 2.6 days activation time; the second group, five roll-on roll-off ships, averaged 3.5 days; the third group, a Seabee ship and an auxiliary crane ship, averaged 4.1 days. The average activation time for these 14 ships was 3.14 days; this compares to 21 days during Operation Desert Storm. The proven capability of Army forces to move from fort to port and to load these ships without delay was a success story made possible by efforts made under the Army Strategic Mobility Program.

Finally, the operation saw the use of 21st century technology that foreshadows the promise of the future. Young soldiers in Haiti — trained in peace operations at the Joint Readiness Training Center and supported by medical personnel linked by telemedicine to Walter Reed Army Medical Center — routinely used advanced night vision devices, international maritime telephones, laptop computers to downlink the latest intelligence or track incoming supplies, laser designators to direct artillery and gunship fire, and global positioning devices of remarkable accuracy.

#### AFRICA

Another military operation other than war, in and near the African nation of Rwanda, demonstrated other important Army capabilities. Operation Support Hope was the US government's response to a desperate need for humanitarian relief operations to alleviate the immediate suffering of refugees fleeing the civil war in Rwanda. The operation began July 24, 1994, with a Presidential order. By July 26, an Army task force organized around a heavy maintenance battalion was providing clean water to combat outbreaks of cholera, assisting the burial of the dead, and integrating the transportation and distribution of relief supplies. By August 3, the Army and others were producing and distributing half a million gallons of water a day in Goma, Zaire. The respite this provided allowed the United Nations and other agencies to organize and establish refugee camps. Not only did the Army also contribute troops to secure the airfield in Kigali International Airport, but it also established a Civil Military Operations Center so that relief supplies could directly flow into Rwanda and entice refugees to return to their homes. By the end of September, the joint task force had turned over operations to the United Nations High Commissioner on Refugees and more than 77 non-governmental organizations. This operation demonstrated the unique capabilities of the American armed forces. Moreover, it demonstrated that the Army is becoming more and more

Combat Service Support soldiers like those in this water purification unit in Zaire play an important role in military operations other than war.



experienced in operations of this type. It also reinforced the rapport built between the Army and many non-governmental agencies. *Decisive victory takes many forms — and in Rwanda, the Army achieved decisive victory by saving the lives of thousands of people.*

In March 1994, most US forces completed withdrawing from Somalia in accordance with President Clinton's deadline, bringing to an end a 15 month presence in that troubled country. Remaining Army personnel withdrew from Mogadishu in September 1994. United Nations-leased Army armored personnel carriers, tanks, and helicopters remain in Somalia, along with materiel handling equipment, vehicles and trailers, and port equipment.

#### THE BALKANS

In the former republic of Yugoslavia, the Army has deployed personnel and equipment in support of Operations Provide Promise, Able Sentry, and Deny Flight. Soldiers assigned to Provide Promise and Able Sentry serve under the United Nations Protection Force (UNPROFOR). Operation Provide Promise is a multinational airlift of food and supplies to the citizens of Bosnia.



Operation Provide Promise has become the largest humanitarian airdrop mission in history, surpassing even the famed Berlin Airlift.

Since 1993, Army personnel have rigged a staggering total of over 35,000 tons of food, medical kits, and winterization kits for airdrop by US and NATO aircraft in over 3000 relief flights. Operation Provide Promise has become the largest humanitarian airdrop mission in history, surpassing even the famed Berlin Airlift of 1948. Operation Able Sentry supports a United Nations mission to observe and report violations of United Nations sanctions and to assist in maintaining stability along the Serbian-Macedonia border. Army soldiers performing this duty serve both on the Serbian-Macedonia border and at the UNPROFOR command at Skopje, Macedonia. Operation Deny Flight enforces the United Nations "no fly" zone over Bosnia. American soldiers in Operation Provide Promise serve in Zagreb, Croatia; Naples, Italy; and Kiseljak and Sarajevo, Bosnia.

#### THE PERSIAN GULF

Almost four years after suspending combat operations against Iraq, American soldiers remain engaged in operations resulting from the Gulf War. This was most clearly illustrated in October 1994, when Operation Vigilant Warrior saw the deployment

of thousands of Army troops to Kuwait to deter renewed aggression from Iraq. Soldiers from the 24th Infantry Division were airlifted to the emirate, received equipment pre-positioned in the country, and moved a battle-ready force to the Iraq-Kuwait border within 72 hours of arrival. Other forces followed to link up with equipment delivered to the region in ships pre-positioned at Diego Garcia. The quick and decisive reaction of the United States, as most clearly demonstrated by its Army on the ground, caused the Iraqi government to withdraw forces threatening an American ally. As dramatic as this deployment was, the Army was engaged in operations on the Arabian peninsula long before. As part of Operation Southern Watch, an Army air defense artillery battalion, a security company, and maintenance units in Saudi Arabia continue to support the mission to enforce the no-fly zone in southern Iraq. Twice a year in Exercise Intrinsic Action, the Army contributes to the security of the region by deploying a heavy battalion task force to conduct combined exercises with the Kuwaiti army, exercises which paid off in the October crisis.

**"When our forces deployed with extraordinary speed and efficiency to the Persian Gulf in October, Saddam Hussein got the message. We decisively deterred the Iraqi threat to the region's security."**

-President William J. Clinton,  
December 1, 1994.

In Operation Provide Comfort, at Incirlik, Turkey, the Army provides personnel, aircraft, and equipment in support of the United Nations humanitarian and security mission to preserve peace and stability in the region and to deter further Iraqi aggression against the Kurds in northern Iraq. US Army Europe's 12th Aviation Brigade provides personnel, helicopters and fixed-wing aircraft to augment the Coalition Task Force in support of administrative and logistical missions for Operation Provide Comfort. US Army Europe also provides the commander and staff officers for Provide Comfort's military coordination center, a forward-deployed combined liaison unit at Zakhu, Iraq. This center maintains communications with Iraqi military and government officials, Kurdish civilian and military leaders, United Nations officials, and non-governmental organizations in northern Iraq. It also monitors the security situation and coordinates humanitarian relief operations within northern Iraq.

### OVERSEAS PRESENCE

As it has since the end of World War II, the United States today maintains forces forward deployed to defend our interests and our allies. Today, approximately 125,000 American soldiers serve around the world in forward units. Although this number is considerably reduced from that of only a few years ago, these soldiers' missions are just as important to the United States now as they were during the Cold War. In Europe, the Pacific, and the

Western Hemisphere, American soldiers deter aggression, promote stability, strengthen alliances, and maintain an American presence in regions vital to US interests.

## EUROPE

The Army maintains one corps and two divisions in Europe to meet US obligations under the North Atlantic Treaty. Soldiers of those units are a visible symbol of America's commitment to the freedom and security of the Atlantic Alliance. In addition to its normal activities, US Army Europe is heavily involved in the military operations other than war in the Balkans, Africa, and northern Iraq. It is also on the cutting edge of the Army's efforts to build solid, professional relationships with the armies of our former Warsaw Pact adversaries. Central to that mission is the George C. Marshall European Center for Security Studies, a Department of Defense facility supported by the Army. The Center brings together leaders from throughout Europe on a whole range of common issues to promote an understanding of the role of a military force in a democracy and has hosted conferences and seminars on peacekeeping, military law, the media, and other topics. The College of Strategic Studies and Defense Economics has executed its first 19-week course with faculty and fellows from both NATO and the former Warsaw Pact. The Center is at the heart of US military efforts to forge a new partnership with the new nations of eastern Europe.



"...two weeks ago, in Totskoye, American forces of the 3rd Infantry Division conducted joint peacekeeping training with the Russian 27th Guards Motorized Rifle Division... These very divisions once faced off across the Fulda Gap, and trained to fight one another in war. Now, they've trained to work together in peace.

- Secretary of Defense  
William J. Perry,  
September 20, 1994.

Cold War stereotypes were shattered in September 1994 when the Army held the first-ever peacekeeping exercise with Russian forces in Russia. Peacekeeper 94, a bilateral peacekeeping exercise involving over 250 US and Russian troops, was conducted on Russian soil. The exercise's objective was to demonstrate support for peaceful conflict resolution, develop closer military cooperation with Russia, and enhance force interoperability. Conducted as a regiment/brigade and battalion command post exercise with company-level troop participation, Peacekeeper 94 saw elements of the Army's 3rd Infantry Division and Russian 27th Guards Motorized Rifle Division exercise patrolling, refugee processing, and other common peacekeeping tasks. Russian support of the exercise was superlative; American troops had only good comments about the experience. A follow-on peacekeeping exercise in the United States is planned for fiscal year 1995.

### THE PACIFIC

The Army remains committed to operations in the Pacific, with soldiers based in the Republic of Korea, Hawaii, and Japan. A clear demonstration of that commitment came in March 1994, amid rising tensions on the Korean peninsula, when the Secretary of Defense ordered the Army to deploy a Patriot air defense artillery battalion to Korea. Equipment was deployed by sea; personnel were deployed by air. The battalion, with almost 700 soldiers from Fort Bliss, Texas, and a control element from Fort Lewis, Washington, was on the ground and operational a month later to protect airports vital to US forces reinforcing Korea.

"It is vital that we continue to maintain a strong U.S. and South Korean defense capability on the peninsula to dissuade the North from acting irrationally. We cannot take any chances on this. We have to be prepared to help South Korea defend itself as we have for more than 40 years."

- Secretary of Defense William J. Perry  
May 3, 1994.

During fiscal year 1994, Army soldiers participated in humanitarian and civic action programs in Cambodia, Bangladesh, the Federated States of Micronesia, Indonesia, Laos, Mongolia, Nepal, Papua New Guinea, the Philippines, Sri Lanka, Tongo, and Vanuatu. Construction and medical projects cemented professional ties between the Army and the armed forces of those countries and improved living standards in those nations. In Cambodia, the Army assisted the Cambodian Army in developing a self-sustaining de-mining program. An Army team provided non-lethal, humanitarian de-mining training as part of a "train-the-trainer" concept. Fifty-two soldiers are permanently assigned to the Joint Task Force Full Accounting, conducting investigations, excavations,



The Army supported efforts to house refugees at Guantanamo Bay, Cuba, in Panama, and in Suriname.

and recovery operations in Vietnam, Cambodia, and Laos for American service personnel missing in the Vietnam War. The Army also augments the task force as required with medics, emergency ordnance disposal experts, and technicians from the Clinical Identification Laboratory in Hawaii.

#### THE WESTERN HEMISPHERE

In our own hemisphere, the Army is busy with operations supporting both US Southern Command and US Atlantic Command. In the past year, Army soldiers supported maritime interdiction operations in the Caribbean, deployed observers along the Haitian-Dominican Republic border to assist the efforts to enforce United Nations sanctions on Haiti, and supported efforts to house Haitian and Cuban refugees at Guantanamo Bay, Cuba, in Panama, and in Suriname. Army soldiers also trained multinational soldiers who will assist in the reconstitution of the Haitian police forces. In continuing operations, over 400 soldiers support the deployment of Army forces into Honduras to execute humanitarian and civil affairs operations.

**THE HOME FRONT**

As busy as it is abroad, the Army also serves the nation at home, responding in times of need to natural disasters and serving in other ways as directed by the nation's civilian leaders. Fiscal year 1994 was no exception.

**THE NORTHRIDGE EARTHQUAKE**

On January 17, 1994, at 4:31 A.M. Pacific Standard Time, an earthquake struck the Los Angeles Basin of southern California. Measured at 6.7 on the Richter Scale, the earthquake's epicenter was at Northridge, California, in the San Fernando Valley. Thousands of aftershocks followed the original quake, many of them exceeding 5.0 on the Richter Scale. Sixty-one people died and over 18,000 were injured. Over 21,000 homes and apartments were rendered uninhabitable. Numerous water systems and other utilities failed, while many key roads were damaged.

Alerted less than an hour after the quake struck, the California National Guard activated and deployed over 2600 Army and Air Guard soldiers on state active duty during the emergency, releasing the last Guard soldier on May 13, 1994. During the peak of the response, the Guard provided logistics support to disaster relief centers, command and control expertise for the governor's office, area damage assessment, liaison to key state agencies, transportation for military and law enforcement personnel and equipment, use of armories as temporary shelters, linguist support, and potable water, and soldiers to reestablish public order.

As the Department of Defense executive agent for military support to civil authorities, the Army provided linguists, water support, stress management specialist teams, and aviation support to the Federal Emergency Management Agency (FEMA). The Army Corps of Engineers supported FEMA by providing an electrical power assessment, deploying back-up generators, coordinating delivery of 3 million gallons of bulk water, and constructing a temporary rail station. The Corps conducted over 41,000 structural inspections and 5000 damage survey reports. At the request of the Small Business Administration, the Corps also performed 12,600 building inspections for loan verification. In addition to these official efforts, many soldiers and Army civilians volunteered to provide registration assistance at disaster relief centers.



During the Southeast floods, National Guard soldiers were used by state governors to support evacuations, purify and distribute water, transport relief supplies, and control traffic.

## SOUTHEAST FLOODS

In July 1994, Tropical Storm Alberto stalled over central Alabama, Georgia, and the Florida panhandle, bringing severe flooding that caused 33 deaths and forcing approximately 40,000 people to evacuate their homes. Two hundred thousand people lost potable water service. More than 4600 soldiers of the National Guard were used by state governors to support evacuations, purify and distribute water, transport relief supplies, and control traffic. Due to the extensive National Guard response, active Army support to flood relief operations was minimal. Fort Rucker provided fire fighting support and moved cargo for three towns in Alabama, conducted aerial reconnaissance for state officials, and executed medical evacuations. In Georgia, Fort Benning medically evacuated 25 people, while Fort Stewart deployed 138 soldiers to Macon and provided a 36 point water distribution system. The 81st Army Reserve Command flew aerial missions in support of the Federal Emergency Management Agency and the 2d US Army Defense Coordinating Element in Georgia. The Army Corps of Engineers provided technical assistance and logistical support in Alabama, monitored levee systems, saved a water plant from flooding, and provided water, ice, latrines, and divers in Georgia. The Corps coordinated the placement of utilities connections for 2000 trailers and mobile homes in Georgia, with an additional 250 trailers placed and connected in Florida and Alabama.

Soldiers of the Active Army, National Guard, and Army Reserve fought fires in the American West during the summer of 1994.



### WESTERN WILDFIRES

In the summer of 1994, America's Army supported the National Inter-Agency Fire Center, a joint operation of the Departments of Agriculture and Interior, in fighting wildfires in the western United States. The active Army, National Guard, and Army Reserve all were involved in this effort. Soldiers from the 6th US Army, the 1st Cavalry Division, the 1st Infantry Division, the 210th Field Artillery Brigade and three other units from Fort Lewis, Washington, the 571st Medical Company, and the 158th Aviation Battalion (USAR) supported fire fighting in Washington, Oregon, Idaho, and Montana. The National Guard supported state fire fighting operations in those states and in Arizona, California, and Utah, with over 4200 soldiers engaged in these operations.

### GUARD CARE

Operation Guardcare is a National Guard pilot program authorized by the National Defense Authorization Act of 1993 to provide health care to under-served populations in the United States. Originally conducted in state active duty status, the program was authorized in federal status in the fiscal year 1994 act. Under the 1994 guidance, 13 states (Alabama, Arkansas, Colorado, Iowa, Kentucky, Michigan, Missouri, Mississippi, Nevada,

North Carolina, Ohio, South Carolina, and Tennessee) have executed missions. Another five are at various stages in submitting cooperative agreements. Operation Guardcare benefits both soldiers and the civilian communities they assist. Soldiers get training in military specialties and deployment; communities receive medical screening and limited care for medically under-served citizens. For example, in five weekend exercises, the Michigan National Guard saw almost 2500 patients and administered over 5600 immunizations. In Missouri, the 135th Mobile Army Surgical Hospital conducted a two week operation in the town of Van Buren, seeing over 2500 patients. The Tennessee National Guard screened over 1400 patients in six exercises. In Denver, the 147th Combat Support Hospital of the Colorado National Guard saw 814 patients and gave 623 immunizations in a two week exercise.

### COUNTER DRUG OPERATIONS

America's Army makes a significant contribution to the Department of Defense effort in counter drug operations. Even as its budget decreased, the Army's commitment to counter drug operations expanded in fiscal year 1994. On a daily basis, the active Army, National Guard, and Army Reserve contribute approximately 4100 soldiers to these operations. Over 200 soldiers and Army civilians are permanently assigned to the three existing joint counter drug task forces or detailed to Federal agencies to coordinate military support. The Army provides operational support, reconnaissance, maintenance, intelligence analysis, linguist support, engineer support, equipment, facilities, training, and planning support to drug law enforcement agencies in the United States. Outside the US, the Army provides counter drug support to foreign host nations through the supported unified commanders. This support includes counter drug and psychological operations training, aviation support, and intelligence, as well as planning and reconnaissance support. Army aviation assets are particularly involved in counter drug operations, with over 16,000 flying hours during the first three quarters of fiscal year 1994. In addition to flying support, the Army loaned aircraft to the US Customs Service and trained pilots and crews for drug-enforcement agencies. These agencies have a high demand for Army linguists and intelligence analysts as well. The Army recently developed a Transcription/Translation Support System to support the Drug Enforcement Administration.

On a daily basis, the Active Army, National Guard, and Army Reserve contribute approximately 4100 soldiers to counter drug operations.

**ENVIRONMENTAL STEWARDSHIP**

The Army recognizes environmental stewardship as essential and is successfully blending its military mission with its environmental challenges. With a solid record of environmental stewardship, the Army is committed to protecting the environment and conserving natural and cultural resources for present and future generations. Environmental protection is one of the costs of maintaining a ready Army. The Army spent \$1.7 billion in fiscal year 1994 to meet its environmental responsibilities, including funding for regulatory compliance, land restoration, pollution prevention, resource conservation, and development of new technologies. This figure equals 53% of the amount the Army spent on operating tempo. For fiscal year 95, it will rise to almost \$2 billion.

The Army has a clearly articulated vision and strategy to meet its present environmental commitment and fulfill growing environmental challenges into the 21st century. This strategy is supported by four pillars: compliance, restoration, prevention, and conservation. The Army's goal is full compliance with all environmental laws and regulations, restoration of past environmental damage, prevention of further environmental degradation, and conservation of land, air, water, and all other natural and cultural resources.

The Army has a clearly articulated vision and strategy to meet its present environmental commitment and fulfill growing challenges into the 21st century.



The Army environmental compliance pillar addresses compliance with Federal, state, and host nation environmental standards at Army installations around the world. Compliance activities cost the Army \$501 million in fiscal year 1994. Considering the scope of Army activities — including the operation of utility plants, industrial operations like ammunition plants and depots, training on extensive ranges, and the construction, maintenance, and repair of a wide variety of facilities — compliance is a significant challenge to the Army. Consideration of environmental impacts and compliance with environmental standards is essential to all Army operations. This mission has been made more challenging by the exponential growth in more complex Federal and state environmental laws and regulations. The cost for compliance activities at Department of Defense installations in foreign countries is expected to increase as environmental requirements are identified to comply with applicable baseline guidance or Final Governing Standards developed for designated host nations. The Final Governing Standards are country-specific and establish a consistent set of environmental standards for all DoD components in that nation.

During fiscal year 1994, the Army spent \$731 million for environmental clean-up at Army installations. Remedial actions are complete at 236 sites and underway at 128 sites; no further action is required at 4523 sites. Studies are still underway to investigate possible contamination at 4390 sites. As the DoD executive agent for Formerly Used Defense Sites, the Army spent \$333 million in fiscal year 1994, with remedial actions complete at 230 sites and underway at 270 properties; no further action is required at 4509 properties.

The Army promotes pollution prevention as a good business practice, minimizing the risks of contamination from hazardous or toxic substances and associated mitigation and compliance costs. The Army is implementing Executive Order 12856, which mandates a 50 per cent reduction of hazardous wastes by the end of 1999. Pollution prevention plans must be developed to specify how installations will meet Army reduction goals. Additionally, the executive order requires that military specifications and standards be reviewed and revised to eliminate or reduce toxic and hazardous materials. In fiscal year 1994, the Army allocated about \$62 million for pollution prevention.

The Army is committed to protecting cultural resources. Here, archeologists conduct an excavation at Fort Huachuca, Arizona.



Conservation is focused on maximizing the use of Army land for mission-essential activities through the wise planning and protection of ecological and cultural resources. The Army is committed to ensure water quality, soil stabilization, and biodiversity sustainment. Fiscal year 1994 funding for conservation totaled \$40 million. The Army's management of natural resources is at the crossroads of change. Responsible for the management of approximately 12 million acres of land, the Army is balancing necessary, but inherently destructive, training and mission activities with the conservation of natural and cultural resources. This balance is complicated by a greater troop density at installations in the United States, a greater demand for training land for today's modern weapon systems, and the austerity of fiscal resources. In response to national initiatives and public stewardship awareness, the Army is developing policies for land management, timber production, and agricultural outleasing and grazing. The new direction emphasizes ecosystem and biodiversity management rather than production and revenues. The Army has implemented the Integrated Training Area Management program, which supports natural resources management, at over 62 installations comprising over 8 million acres, including all major Army training installations and most reserve component posts. This program standardizes methods to identify and categorize all sensitive, fragile, and durable resources, educates soldiers on sensitive environmental issues,

promulgates land maintenance and repair technologies, and establishes a process to integrate natural resources management with mission activities. The Army's focus for fiscal year 1996 is to develop and field improved land allocation and decision tools, improve training and coordination, and to solidify core capabilities across all fielded installations.

The Army Environmental Quality Technology Program supports the four environmental pillars by identifying, developing, and demonstrating innovative technologies. The Army is fielding new technologies to support environmental programs in a cost-effective and technically sound manner. New technology efforts include demonstrations and pilot scale projects to help ensure research products are developed and utilized in the field. The Army also coordinates with other Department of Defense components, the Environmental Protection Agency, and the Department of Energy to develop and share environmental technologies. The Army supported \$94 million in environmental research and development projects in fiscal year 1994.

### **SECURITY ASSISTANCE**

Security assistance is an important element of national security. There are two major challenges facing Army security assistance. The first is the provision of materiel and training in support of peacekeeping and humanitarian operations. During 1994, the Army provided peacekeeping and humanitarian assistance, either unilaterally or through the United Nations, to 12 countries. This assistance consisted mostly of materiel such as tactical wheeled vehicles, bridges, trailers, radars, armored personnel carriers, helicopters, tanks, radios, support and individual equipment, spare parts, and rations, all valued at approximately \$500 million. While some of these costs are reimbursable to the Army, others, such as grants, are not. In fact, the Army must use its own funds to transport items transferred under grant to their final destination. The other significant challenge is that number of foreign students from the former Warsaw Pact and Soviet Unions attending Army schools has increased dramatically in the last three years. The program was expanded from three nations in 1991 to 24 countries in 1994 and now incorporates Albania, Ukraine, Russia, Kazakhstan, Poland, and Estonia, among others. Almost 20 per cent of the funds appropriated for the International Military Education and Training (IMET) program are allocated to former Soviet republics and countries in Eastern Europe.

**ARMY SPECIAL OPERATIONS FORCES**

Army Special Operations Forces (SOF) provide a broad range of military capabilities in support of national security. These forces include Special Forces, Rangers, Special Operations Aviation, Civil Affairs, and Psychological Operations units. SOF missions include unconventional warfare, foreign internal defense, direct action, special reconnaissance, and counter-terrorism. Special Operations Forces also participate in security assistance, humanitarian assistance, peacekeeping, counter drug, and combat search and rescue operations. Many special operations units reside in the reserve components; 97 per cent of the Army's civil affairs units and 70 per cent of its psychological operations units are in the Army Reserve. Special Operations units are often called upon for service in military operations other than war. In fiscal year 1994, SOF units participated in Operations Restore Hope, Provide Comfort, Provide Promise, and Uphold Democracy. The Army has increased SOF participation in joint, multinational, and unilateral exercises. SOF participation has also increased at the Combat Training Centers and in the Battle Command Training Program. Each Army corps now has a Special Operations Coordination Element to integrate SOF into corps plans and training.

**THE ARMY AND ARMS CONTROL**

Although today's Army does not possess nuclear weapons, America's Army plays a key role in the nation's efforts to control these and other weapons of mass destruction. It provides policy analysis and recommended positions on all Presidential Review Directives on non-proliferation, ballistic missile defenses, chemical and biological weapons arms control, and export controls. The Army serves as the Department of Defense executive agent for compliance and implementation of the Conventional Forces in Europe Treaty and also supplies soldiers to the On Site Inspection Agency, which monitors arms control treaty compliance. The Army Staff reviews regional arms control strategies and analyzes US government positions in many negotiating forums, including the Conference on Security Cooperation in Europe, the Open Skies Consultative Commission, the Preparatory Commission for the Chemical Weapons Convention, the Conference on Disarmament, and the Anti-Ballistic Missile Treaty Standing Consultative Commission, among others. With the proliferation of weapons of mass destruction, ballistic missile technology, and advanced

conventional weapons, future arms control initiatives are likely to be more regional in nature. The Army will continue to play an important role in these issues as a means of enhancing national security.

A major Army arms control challenge is the destruction of US chemical weapons. The Army has started destruction operations at Johnston Atoll in the Pacific and will commence operations in September 1995 at Tooele Army Depot, Utah. The Army plans to construct seven other destruction facilities in the United States to destroy US chemical weapons stocks. In parallel with its ongoing destruction program, the Army has initiated research and development of two neutralization-based alternatives for potential use to destroy chemical weapons stocks at Aberdeen Proving Ground, Maryland and Newport Army Ammunition Plant, Indiana. The Army will continue to train disposal facility operators at the Chemical Demilitarization Training Facility at Aberdeen Proving Ground. The Army is studying how identify, recover, and safely dispose of non-stockpile chemical materials such as buried munitions, production and test facilities, and binary weapons.

### **SUPPORT OF SMALL AND DISADVANTAGED BUSINESSES**

As it has in the past, the Army continues to support small and small disadvantaged business throughout America. Notwithstanding reduced obligations for equipment, supplies, and services, the Army exceeded its goals for contracts awarded to small and small disadvantaged businesses in fiscal year 1994. The Army also awarded contracts to higher educational institutions to historically black colleges and universities, and other minority institutions. Through programs like the Increasing Manufacturing Procurement Above Current Totals (IMPACT) and the Enhanced Subcontracting Program, the Army strives to overcome barriers to maximizing opportunities for small businesses and small disadvantaged businesses. This proactive approach benefits all Americans.

### **JROTC EXPANSION AND CAREER ACADEMIES**

In May 1992, the Chairman of the Joint Chiefs of Staff obtained Secretary of Defense approval to expand the Junior Reserve Officer Training Corps (JROTC) program in the nation's secondary schools. The intent was to reach out to America's "at risk" youth — principally in inner city and rural communities — to

reduce school dropouts, gang violence, and related problems. The Congress approved an increase in the number of local programs, defined in law the purpose of the JROTC (to "instill in students in United States secondary educational institutions the values of citizenship, service to the United States, and personal responsibility and a sense of accomplishment), and provided for extraordinary financial assistance for schools "in an economically and educationally deprived area." As part of JROTC expansion and in collaboration with the other services and the Department of Education, the Army is also assisting local communities to establish "Career Academies." Incorporated into each academy is citizenship training, leadership development and life-coping skills from JROTC. Currently, 30 academies (20 of them Army-sponsored) have been developed, with another 10 under consideration. The goals of these academies are to improve the in-school performance of "at risk" students with regards to academic standing, attendance, and disciplinary records; to increase the graduation rate of academy students in comparison to other students in the same high school; to improve the overall quality of the work force in the community in which the academy is located; and to support the long-term economic needs of the nation through effective investment of Department of Defense human capital and other resources.

"Fifty years ago, America's Army was called on to assist its allies with a difficult job. Today's soldiers make our veterans proud; they are capable and ready to carry on the tradition of Omaha and Utah beaches."

- Secretary of the Army  
Togo D. West, Jr.,  
October 1994.



## WORLD WAR II COMMEMORATIVE ACTIVITIES

The Secretary of the Army is the executive agent for the Department of Defense commemoration of World War II. The Department of Defense World War II Commemorative Committee plans, integrates, and coordinates programs, ceremonies, and commemorative materials. The committee also develops educational and support materials, public service announcements, lesson plans, and teachers guides. In 1994 the committee commemorated landings on Tarawa, Kwajalein, Guam, and Peleliu. The President participated in the commemoration of the Overlord landings in Normandy. Also commemorated were the liberation of southern France and the Battle of the Bulge at Bastogne. Through its participation in these and other smaller commemorative events, the Army honors its former soldiers and comrades in the other services. *The sacrifices of a generation 50 years ago are not forgotten.*



## AFTERWORD

**A**merica's Army must be ready to fight and win the nation's wars, today and tomorrow. The 21st century Army is forming right now. The senior leadership of that Army can be found among the majors today studying at Fort Leavenworth. Tomorrow's brigade commanders are running today's companies, batteries, and troops. The battalion commanders and command sergeants major of the Army of the early 21st century lead today's platoons. Future company commanders and first sergeants now attend the fourth and fifth grades. The future's platoon leaders and platoon sergeants are in the first grade. The Army's future is indeed filled with promise — the promise of an institution almost 220 years old continuing its mission of honorably serving the nation. Much has been done — and much remains to be done — to move the Army into the 21st century, but the Army is moving boldly into that future.

The nation must always remember that war is — and will remain — a human endeavor, subject to emotion and characterized by the shedding of blood and by the effects of chance. Warfare in the future will not be remote, bloodless, sterile, or risk free. Future wars will still be won by soldiers on the ground. America's Army today is trained and ready to put overwhelming combat power on the battlefield to defeat all enemies and to serve the nation by capably executing military operations other than war. Today's Army is a high quality force — able to deploy rapidly, to fight, to sustain itself, and to win quickly with minimum casualties — an army of courageous men and women willing to put their lives on the line for their country. As it has been since 1775, the United States Army is ready to answer the nation's call.

# ACRONYMS

**ACAP**

Army Career and Alumni Program

**ADO**

Army Digitization Office

**AFAS**

Advanced Field Artillery System

**AFQT**

Armed Forces Qualification Test

**APA**

Army Pre-positioned Afloat package

**AWE**

Advanced Warfighting Experiment

**BCTP**

Battle Command Training Program

**BRAC**

Base Realignment and Closure

**C4I**

Command, Control, Communications, Computers, and Intelligence

**CAC**

Community Activity Center

**CFO Act**

Chief Financial Officers Act of 1990

**CINC**

Commander(s) in Chief

**CJCS**

Chairman, Joint Chiefs of Staff

**CMT**

Combat Maneuver Training Center

**CNN**  
Cable News Network

**CORPS SAM**  
Corps Surface-to-Air Missile system

**CRDA**  
Cooperative Research and Development Agreement

**CTC**  
Combat Training Center

**DoD**  
Department of Defense

**FARV**  
Future Armored Supply Vehicle

**FAST**  
Future Army Schools Twenty-One

**FEMA**  
Federal Emergency Management Agency

**FM**  
Field Manual

**FY**  
Fiscal Year

**GAINS+**  
Guard Accession Information Network System Plus

**GHQ**  
General Headquarters exercise

**GPRA**  
Government Performance and Review Act of 1993

**HTI**  
Horizontal Technology Integration

**IEW**  
Intelligence and Electronic Warfare

**IMET**

International Military Education and Training program

**IMPACT**

Increasing Manufacturing Procurement Above Current Totals

**IRR**

Individual Ready Reserve

**JROTC**

Junior Reserve Officer Training Corps

**JRTC**

Joint Readiness Training Center

**LAM**

Louisiana Maneuvers

**LMSR**

Large Medium Speed Roll on Roll off ships

**MANPRINT**

Manpower and Personnel Integration

**MILES**

Multiple Laser Engagement System

**MFO**

Multinational Force and Observer organization

**MRC**

Major Regional Conflict

**MWR**

Morale, Welfare, and Recreation

**NASA**

National Aeronautics and Space Administration

**NATO**

North Atlantic Treaty Organization

**NCO**

Noncommissioned Officer

**NPR**

National Performance Review

**NTC**

National Training Center

**OPTEMPO**

Operational Tempo

**PPC4I**

Power Projection Command, Control, Communications, and Computers Infrastructure

**PRIME**

Priority Reserve Initiatives in Mobilization Enhancement

**QRF**

Quick Reaction Force

**RCAS**

Reserve Component Automation System

**RO/RO**

Roll-on Roll-off ships

**ROTC**

Reserve Officer Training Corps

**SBIS**

Sustaining Base Information Services

**SERB**

Selective Early Retirement Board

**SIMITAR**

Simulation in Training for Enhanced Readiness

**SOF**

Special Operations Forces

**SSB**

Special Separation Benefit

**TARDEC**

US Army Tank-Automotive Research, Development, and Engineering Center

**TAQ**

Total Army Quality

**TBM**

Tactical Ballistic Missile

**THAAD**

Theater High Altitude Area Defense

**TRADOC**

Training and Doctrine Command

**UN**

United Nations

**UNOSOM**

United Nations Operation - Somalia

**UNPROFOR**

United Nations Protection Force

**US**

United States

**USACOM**

United States Atlantic Command

**USAREUR**

United States Army, Europe

**VSI**

Voluntary Separation Incentive

**VTI**

Vertical Technology Integration

**WARSIM**

Warfighter Simulation

**DATA REQUIRED BY THE  
NATIONAL DEFENSE AUTHORIZATION ACT FOR FY 1994  
(BOLD ITALICS INDICATE SUPPLEMENTAL DATA REQUIRED BY HQDA)**

**Section 517 (b)(2)(A):** The promotion rate for officers considered for promotion from within the promotion zone who are serving as active component advisors to units of the Selected Reserve of the Ready Reserve (in accordance with that program) compared with the promotion rate for other officers considered for promotion from within the promotion zone in the same pay grade and the same competitive category, shown for all officers of the Army.

**Section 517 (b)(2)(B):** The promotion rate for officers considered for promotion from below the promotion zone who are serving as active component advisors to units of the Selected Reserve of the Ready Reserve (in accordance with that program) compared in the same manner (as the para above).

The following tables provide a comparison of promotion selection rates for officers considered for promotion from both within and below the promotion zone who are serving as active component advisors to units of the Selected Reserve of the ready Reserve against the promotion selection rates for other officers considered for promotion from within and below the promotion zone in the same pay grade and same competitive category. Data summarizes results of the FY94 Major and Lieutenant Colonel selection boards:

**FY 94 LIEUTENANT COLONEL RESULTS**

	ABOVE THE ZONE			PRIMARY ZONE			BELOW THE ZONE		
	SEL	CON	AZ %	BEL	CON	PZ %	SEL	CON	BZ %
RC*	0	30	0 %	17	34	47 %	0	31	0 %
AC**	3	1743	0.1 %	1683	1820	86 %	84	1919	4 %
ARMY AVG	3	1773	0.1 %	1686	1856	85 %	84	1950	4 %

**FY 94 MAJOR RESULTS**

	ABOVE THE ZONE			PRIMARY ZONE			BELOW THE ZONE		
	SEL	CON	AZ %	BEL	CON	PZ %	SEL	CON	BZ %
RC*	0	3	0 %	77	102	75 %	5	113	4 %
AC**	25	226	11 %	1551	1998	78 %	129	2573	5 %
ARMY AVG	25	229	11 %	1628	2100	76 %	134	2686	5 %

RC\*= OFFICERS SERVING IN AC/RC ASSIGNMENTS AT TIME OF CONSIDERATION

AC\*\*=OFFICERS NOT SERVING IN AC/RC ASSIGNMENTS AT THE TIME OF CONSIDERATION

**Section 521(b):**

- (1) The number and percentage of officers with at least two years of active-duty before becoming a member of the Army National Guard

COL	696/ 51%
LTC	1954/ 55%
MAJ	3980/ 61%
CPT	5495/ 49%

CWO	5733/ 71%
WO	427/ 55%

CAREER OFFICER SUBTOTAL: 12125/ 54% WARRANT SUBTOTAL: 6160/ 70%  
LT 4224/ 30%

TOTAL ALL OFFICERS: 16349/ 45% ALL WARRANTS TOTAL: 6160/ 70%

- (2) The number and percentage of enlisted personnel with at least two years of active-duty before becoming a member of the Army National Guard.

SGM	1297/ 74%
MSG	5870/ 80%
SFC	17169/ 80%

SSG	40558/ 77%
SGT	59449/ 66%

ENLISTED CAREER LEADERSHIP SUB-TOTAL: 124343/ 72%

PVT-SPC 55528/ 31%

ALL ENLISTED RANKS TOTAL: 179871/ 51%

- (3) The number of officers who are graduates of one of the service academies and were released from active duty before the completion of their active-duty service obligation: 135 officers who were graduates of one of the service academies were released from active duty before they completed their active duty service obligation. Of those officers –

(A) the number who are serving the remaining period of their active-duty service obligation as a member of the Selected Reserve pursuant to section 1112(a)(1) of ANGCRRA: 87 officers of the 135 academy graduates are now serving as members of the Selected Reserve.

(B) the number for whom waivers were granted by the Secretary under section 1112(a)(2) of ANGCRRA, together with the reason for each waiver: The remaining 48 officers received a waiver allowing them to serve in the Individual Ready Reserve. The waivers were granted because of a lack of Selected Reserve vacancies in the geographical area where the officers live. In FY95 officers will not be released until they have secured a position in the Selected Reserve.

- (4) The number of officers who were commissioned as distinguished Reserve Officers' Training Corps graduates and were released from active duty before the completion of their active-duty service obligation: 63 officers who were commissioned as Distinguished Reserve Officers' Training Corps Graduates were

released from active duty before they completed their active duty service obligation. Of those officers —

(A) the number who are serving the remaining period of their active-duty service obligation as a member of the Selected Reserve pursuant to section 1112(a)(1) of ANGCRRA: 27 officers out of the 63 graduates are now serving in the Selected Reserve.

(B) the number for whom waivers were granted by the Secretary under section 1112(a)(2) of ANGCRRA, together with the reason for each waiver: The remaining 36 officers received a waiver allowing them to serve in the Individual Ready Reserve. The waivers were granted because of a lack of Selected Reserve vacancies in the geographical area where the officers live. In FY95 officers will not be released until they have secured a position in the Selected Reserve.

(5) The number of officers who are graduates of the Reserve Officers' Training Corps program and who are performing their minimum period of obligated service in accordance with section 1112(b) of ANGCRRA by a combination of (A) two years of active duty, and (B) such additional period of service as is necessary to complete the remainder of such obligation served in the National Guard and, of those officers, the number for whom permission to perform their minimum period of obligated service in accordance with that section was granted during the preceding fiscal year. 167 ROTC graduates were released after serving a minimum of two years active duty. Many of these officers were inadvertently released from active duty without first being assigned to the Selected Reserve. Many of these same officers settled in areas where there were no available Selected Reserve vacancies and were subsequently assigned to the Individual Ready Reserve. This oversight has since been corrected. In FY95 these officers will be individually tracked and will not be released from active duty until they have secured a position in the Selected Reserve.

6) The number of officers for whom recommendations were made during the preceding fiscal year for a unit vacancy promotion to a grade above first lieutenant and, of those recommendations, the number and percentage that were concurred in by an active duty officer under section 1113(a) of ANGCRRA, shown separately for each of the three categories of officers set forth in section 1113(b) of ANGCRRA:

Effective 1 Apr 93 for officers in ARNG units that on that date are designated as roundout/roundup units: 80 recommendations for promotion were made; 65 (82%) were concurred in by Active Duty officers.

Effective 1 Oct 93 for officers in others of the ARNG in the Selected Reserve of the Ready Reserve that are designated as early deploying units: 74 recommendations for promotion were made; 56 (76%) were concurred in by Active Duty officers.

Effective 1 Apr 94 for officers in all other ARNG combat units: 238 recommendations for promotion were made; 220 (92%) were concurred in by Active Duty officers.

Promotions to fill unit vacancies for officers previously selected for promotion by a Department of the Army mandatory promotion board are not forwarded for review by an Active Duty officer. Many ARNG unit vacancy promotions were made under this provision.

(7) The number of waivers during the preceding fiscal year under section 1114(a) of ANGCRRA of any standard prescribed by the Secretary establishing a military education requirement for noncommissioned officers and the reason for each such waiver. No waivers were granted.

(8) The number and distribution by grade, shown for each State, of personnel in the initial entry training and nondeployability personnel accounting category established under 1115 of ANGCRRA for members of the Army National Guard who have not completed the minimum training required for deployment or who are otherwise not available for deployment:

16,110 are awaiting or in Initial Entry Training

4,246 are pending medical evaluation

2,119 are for other reasons (Family Care Plan, Sole Surviving Family Member, Due HIV test, Require Panorex, etc.)

Information by grade and state is maintained by National Guard Bureau.

(9) The number of members of the Army National Guard, shown for each State, that were discharged during the previous fiscal year pursuant to 1115(c)(1) of ANGCRRA for not completing the minimum training required for deployment within 24 months after entering the National Guard. The account was not fully implemented until July, 1994, therefore no Army National Guard members were discharged.

(10) The number of waivers, shown for each State, that were granted by the Secretary during the previous fiscal year under section 1115(c)(2) of ANGCRRA of the requirement in section 1115(c)(1) of ANGCRRA described in paragraph (9), together with the reason for each waiver. Account was fully implemented in July, 1994. No waivers were granted.

(11) The number of Army National Guard members, shown for each State, who were screened during the preceding fiscal year to determine whether they meet minimum physical profile standards required for deployment and, of those members—

(A) the number and percentage who did not meet minimum physical profile standards required for deployment: 3,141 or 3.4% of ARNG members screened do

not meet standards for deployment . Annual medical screening did not commence in the USAR during FY94. Army Regulation 40-501, anticipated for publication First Quarter, FY95, will prescribe screening procedures for USAR units. Screening in USAR units is anticipated to begin Third Quarter, FY95.

(B) the number and percentage who were transferred pursuant to section 1116 of ANGCRRA to the personnel accounting category described in paragraph (8): 1,311 or 42% of those ARNG members identified were transferred to the non-deployable account. This provision was not implemented in the USAR in FY94.

(12) The number of members, and the percentage total membership, of the Army National Guard, shown for each State, who underwent a medical screening during the previous fiscal year as provided in section 1117 of ANGCRRA. Although no funding was provided in FY94 to implement this provision, 87,374 or 22% of ARNG members underwent medical screening during FY94. Annual medical screening did not commence in the USAR during FY94.

(13) The number of members, and the percentage of the total membership, of the Army National Guard, shown for each State, who underwent a dental screening during the previous fiscal year as provided in section 1117 of ANGCRRA. Although no funding was provided in FY94 to implement this provision, 38,354 or 10% of Army National Guard members were dentally screened. By state data is maintained by National Guard Bureau. This provision was not implemented in the USAR during FY94.

(14) The number of members, and the percentage of the total membership, of the Army National Guard, shown for each State, and the number of members over the age of 40 who underwent a full physical examination during the previous fiscal year for purposes of section 1117 of ANGCRRA. In the Army National Guard 35,087 or 9% (38% of the over 40 population) received full physical exams during FY94. By state data is maintained by National Guard Bureau.

(15) The number of units of the Army National Guard that are scheduled for early deployment in the event of a mobilization and, of those units, the number that are dentally ready for deployment in accordance with section 1118 of ANGCRRA. Although no funding was provided in FY94 to implement this provision, 17 of 65 Army National Guard units are dentally ready. As of 1 December 1994 it had not been determined how many of the 42 USAR units scheduled for early deployment were dentally ready.

(16) The estimated post-mobilization training time for each Army National Guard combat, and a description, displayed in broad categories and by State for Army National Guard Units, of what training would need to be accomplished for Army National Guard combat units, in a post-mobilization period for purposes of section 1119 of ANGCRRA. Initiatives continue to ensure Enhanced Brigades are prepared to deploy by 90 days after mobilization. BOLD SHIFT Tenets and Forces Command/

National Guard Bureau Regulation 350-2 remain the guidepost for training in the near term. An alternative training strategy is under development that will be tested in a few selected enhanced brigades for a three year period starting in FY96. At the time of publication the baseline data was still under development. When completed this information, expected to contain classified data, will be maintained by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-TRO).

(17) A description of the measures taken during the preceding fiscal year to comply with the requirement in section 1120 of ANGCRRA to expand the use of simulations, simulators, and advanced training devices and technologies for members and units of the Army National Guard.

Currently fielded systems include Conduct of Fire Trainers for mechanized infantry and armor units, as well as Weaponeers for small arms marksmanship training. Currently all M2 Bradley equipped ARNG units have M2 COFTS, however some Enhanced Brigades have Unit Conduct of Fire Trainers (UCOFTS) (fixed site) in lieu of MCOFTS (mobile). All Army National Guard (ARNG) tank battalions have COFTS, however the COFT configuration may not be the same as the model of tank the unit is fielded with (ie. an M60A3 COFT in an M1 unit). This is caused by ARNG tank units modernizing from M60A3 to M1 faster than COFTS can be upgraded or redistributed. COFT upgrade takes approximately one year. Plans to correct numbers and types of COFT in ARNG tank units by FY 96 may be impacted by funding problems. The Department of the Army and National Guard Bureau are working to resolve problems.

GUARDFIST I, a precision tank gunnery trainer, is being acquired solely for RC use. This strap-on training device allows units to train in their armories without ranges or targetry. Once fielded, organic unit personnel will be used to conduct unit training. GUARDFIST II, an artillery trainer, has been developed in response to RC training challenges. Guardfist II has two trainer configurations: a 1-to-1 version used to instruct one individual at a time, and a 1-to-30 version used for group instruction. As with GUARDFIST I training will be conducted using assigned or AGR personnel.

The Total Army Training Study (TATS) incorporates the use of simulations and simulators and is the basis for the simulation fielding plan to support the five reserve component division Battle Projection Centers (BPCs). The fielding of JANUS, the Army's battle-focused trainer, and BBS (Brigade/Battalion Battle Simulation) to the BPCs in FY 94 has greatly enhanced the Reserve Component (RC) ability to maintain the combat readiness of their client units. Fielding includes transit cases for each system providing a dual capability for units to train either at home station or at the BPC. The Brigade Command Battle Staff Training (BCBST) team trains ARNG ground combat maneuver brigades in battle staff tasks using BBS to drive command post exercises. BCBST also uses JANUS to support seminar training in preparation for each command post exercise. Fourteen BCBST seminars were conducted in FY 94. Two RC division level Battle Command Training Program (BCTP) seminars were conducted in FY 94. The 49th AD and 29th ID(L) Division Commanders and their staffs participated in five day seminars at Ft Leavenworth, KS. The 218th Brigade (SCARNG) participated with the AC during a divisional BCTP WFX. The 42nd (L), 34th (L), and

40th (M) Infantry Divisions conducted division level BCTP Warfighter Exercises during FY94.

Simulation in Training for Advanced Readiness (SIMITAR) is a Congressionally mandated Army National Guard (ARNG)/Advanced Research Projects Agency (ARPA) advanced simulation program. It was initiated in 1992 to apply advanced technology to increase training levels of ARNG Roundout and Roundup Brigades by 200-300 percent. SIMITAR was subsequently adopted as an Advanced Technology Demonstration under DOD Science and Technology Thrust #6 (Synthetic Environments). A combination of existing Army technologies and development efforts are being explored. Design parameters are: timeliness availability and affordability; minimization of operating personnel overhead; extended distribution of training opportunities; realistic battle or combat training center-based programs. The overarching intent of SIMITAR is to leverage selected development of: (1) more objective performance and effectiveness measures; (2) opportunities for Battalion and Brigade command and staff battlefield synchronization skills; (3) low cost simulators and simulations to enable local small unit collective training on demand; (4) opportunities to exercise combat service support collective and individual skills; and (5) technologies and programs for local individual functional training for key personnel. The 48th Infantry Brigade (Mech), GAARNG and 116th Armored Brigade, IDARNG and ORARNG are the two experimental brigades. The 155th Armored Brigade, MSARNG and 218th Infantry Brigade (Mech), SCARNG are the two comparison brigades. All four are scheduled for future NTC rotations. FY94 SIMITAR accomplishments are: (1) Modified JANUS-A to add capability for conducting distributed exercises and increase amount of CS/CSS interaction; (2) Modified armories, installed phone wires, selected hardware, and purchased and delivered commercial off-the-shelf computer systems for JANUS; (3) Developed the first two battalion scenarios to be used in JANUS and SIMNET through ARPA Reconfigurable Simulator Initiative (ARSI); (4) Began development of brigade scenario for Simulation Brigade Armor Training (SIMBART); (5) Funded early fielding of GUARDFIST I to the test brigade; and (6) Developed the ARPA Reconfigurable Simulator Initiative to give each brigade M1, M2, and scout vehicle crew simulators.

(18) Summary tables of unit readiness, shown for each State for Army National Guard units, and for each Army Reserve Command/ General Officer Command for U.S. Army Reserve units, and drawn from the unit readiness rating system as required by section 1121 of ANGCRRA, including the personnel readiness rating information and the equipment readiness assessment information required by that section, together with—

(A) explanations of the information shown in the table: Classified tables have been developed with detailed narrative analysis of personnel and equipment readiness trends indicated since implementation of the January, 1994 revision to Army Regulation 220-1 on Unit Status Reporting. They are maintained by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-TRO).

(B) based on the information shown in the tables, the Secretary's overall assessment of the deployability of units of the Army National Guard, and U.S. Army Reserve, including a discussion of personnel deficiencies and equipment shortfalls in accordance with such section 1121: The classified overall assessment of the deployability of ARNG combat units, and CFP units of both Reserve Components is maintained by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-TRO). The Director of the Army National Guard has effectively managed the readiness improvement of high priority Enhanced Brigade and Contingency Force Pool units through intensive management under the Project Standard Bearer program. A similar and equally effective program, PRIME, is managed by the Chief, Army Reserve.

(19) Summary tables, shown for each State, of the results of inspections of units of the Army National Guard by inspectors general or other commissioned officers of the Regular Army under the provisions of section 105 of title 32, together with explanations of the information shown in the tables, and including display of-

(A) the number of such inspections;

(B) identification of the entity conducting each inspection;

(C) the number of units inspected; and

(D) the overall results of such inspections, including the inspector's determination for each inspected unit of whether the unit met deployability standards and, for those units not meeting deployability standards, the reasons for such failure and the status of corrective actions. *For purposes of this report data for Operational Readiness Evaluations will be provided on Enhanced Brigade and CFP units of the Army National Guard and for CFP units of the U.S. Army Reserve. Training Assessment Model data will be provided to meet this reporting requirement for all other units of the Army National Guard and U.S. Army Reserve. Data on Army National Guard units will be reported by State and on U.S. Army Reserve units by Army Reserve Command/ General Officer Command.* Data restricted FOR OFFICIAL USE ONLY from Operational Readiness Evaluations and Training Assessment Model evaluations administered to EB and CFP units is maintained by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-TRO).

(20) A listing, for each Army National Guard combat unit, of the active-duty combat associated with that Army National Guard unit in accordance with section 1131(a) of ANGCRRA, shown by State for the Army National Guard:

In April, 1994 the Secretary of the Army designated the Army National Guard Enhanced Brigades as the principal Reserve Component maneuver forces of the Army. Enhanced Brigade locations and Active Army training associations are shown below.

## TRAINING ASSOCIATION

HEAVY BRIGADES		LIGHT BRIGADES		AC UNIT	
	STATE	AC UNIT	STATE	STATE	AC UNIT
116 ARMOR	IDMT	4th MECH DIV	27 INF	NY	10th MTN DIV
155 ARMOR	MS	1st CAV DIV	29 INF	HI	25th LT INF DIV
30 MECH	NC	XVIII ABN CORPS	39 INF	AR	V CORPS
48 MECH	GA	24th MECH DIV	41 INF	OR	I CORPS
81 MECH	WA	2nd INF DIV (M)	45 INF	OK	III CORPS
216 MECH	SC	1st INF DIV (M)	53 INF	FL	82nd ABN DIV
258 MECH	LA	2nd AR DIV	76 INF	IN	101st AA DIV
ARMORED CAVALRY REGIMENT					
278 ACR	TN	3rd ACR			

and to be accompanied, for each such National Guard unit, by –

(A) the assessment of the commander of that associated active-duty unit of the manpower, equipment, and training resource requirements of that National Guard unit in accordance with section 1131(b)(3) of ANGCRRA. At the time of publication these assessments were under development. The completed assessments, likely to contain classified information will be maintained by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-TRO).

and

(B) the results of the validation by the commander of that associated active-duty unit of the compatibility of that National Guard unit with active duty forces in accordance with section 1131(b)(4) of ANGCRRA. At the time of publication these assessments were under development. The completed assessments, likely to contain classified data and information, will be maintained by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-TRO).

(21) A specification of the active-duty personnel assigned to units of the Selected Reserve pursuant to section 414(c) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (10 U.S.C. 261 note), shown (A) by State for the Army National Guard and Army Reserve Command/ General Officer Command for the U.S. Army Reserve, (b) by rank of officers, warrant officers, and enlisted members assigned, and (c) by unit or other organizational entity of assignment.

In FY-92, the National Defense Authorization Act (NDAA), section 414c, (10 U.S.C. 261 note) established the implementation of a Active Component (AC) Support to Reserve Component (RC) program. This was a two phase Congressionally mandated program. The first phase, the *Pilot Program* assigned 2,000 Active Duty personnel as full-time advisors to selected Army National Guard and Reserve Component Units. Personnel rotations for phase one began in FY94.

Phase two followed enactment of Sec 1132, Title XI, FY-93, National Defense Authorization Act (NDAA). This expanded the dedicated AC support to RC by 3,000 active duty personnel by the end of FY97, bringing the total to 5,000 Congressionally mandated active duty personnel. Assignment of the next 3,000 active duty personnel will occur in three increments of 1,000 personnel. 1,000 will be assigned in FY95, 1,000 in FY96, and the balance in FY97.

The following is the breakout by rank of officers, warrant officers, and enlisted members assigned to the Pilot Program.

<u>OFFICERS</u>	<u>WARRANT OFFICERS</u>	<u>ENLISTED</u>
COL - 15	CW 4 - 55	SGM - 37
LTC - 81	CW 2 - 53	MSG - 171
MAJ - 332		SFC - 739
CPT - 461		SSG - 34
LT - 1		SGT - 9
<hr/>	<hr/>	<hr/>
890	108	SPC - 12
		1,002

The following lays out by state; total number of personnel assigned, command assigned, rank, and number assigned by each rank.

AC to RC PROJECT  
OFFICER AND ENLISTED

<u>STATE</u>	<u># ASSIGNED TO STATE</u>	<u>COMMAND</u>	<u># ASSIGNED RANK</u>	<u>BY RANK</u>
AL	106	SECOND ARMY	LTC	2
			MAJ	10
			CPT	22
			CW4	1
			MSG	23
			SFC	36
		87th TRNG DIV (USAR)	LTC	2
			MAJ	3
			CPT	3
			SFC	4
AR	30	THIRD ARMY	CPT	3
			CW2	3
			SFC	2
		FIFTH ARMY	LTC	1
			MAJ	2
			CPT	3
			SGM	1
			SFC	15
AZ	2	SIXTH ARMY	SGM	2
CA	117	SIXTH ARMY	COL	2
			LTC	6
			MAJ	14
			CPT	26
			CW4	5
			CW2	3
			SGM	7
			MSG	8
			SFC	31
			SSG	3
		91st TRNG DIV (USAR)	LTC	2
			MAJ	3
			CPT	3
			SFC	4

<u>STATE</u>	# ASSIGNED <u>TO STATE</u>	<u>COMMAND</u>	# ASSIGNED <u>RANK</u>	<u>BY RANK</u>
CO	37	SIXTH ARMY	LTC	1
			MAJ	6
			CPT	5
			SGM	1
			MSG	7
			SFC	15
		4TH MECH DIV	MAJ	1
			CPT	1
FL	63	SECOND ARMY	LTC	2
			MAJ	10
			CPT	11
			CW4	1
			CW2	1
			SGM	1
			MSG	3
			SFC	18
			SSG	3
		THIRD ARMY	MAJ	1
			CPT	4
			SFC	7
			SGT	1
GA	209	SECOND ARMY	COL	1
			LTC	4
			MAJ	12
			CPT	18
			CW4	4
			CW2	5
			MSG	8
			SFC	31
		THIRD ARMY	COL	2
			LTC	5
			MAJ	17
			CPT	15
			CW4	4
			CW2	1
			SGM	1
			MSG	5
			SFC	11
			SSG	1
			SGT	1
			SPC	7

<u>STATE</u>	<u># ASSIGNED TO STATE</u>	<u>COMMAND</u>	<u># ASSIGNED RANK</u>	<u># ASSIGNED BY RANK</u>
GA (Cont)		24TH MECH DIV	LTC MAJ CPT CW4 CW2 MSG SFC	1 7 28 1 6 1 12
HI	18	USARPAC	LTC MAJ CPT SFC	1 5 6 6
IA	5	FIRST ARMY	CPT CW2 SFC	1 1 3
ID	32	SIXTH ARMY	MAJ CPT SFC	1 1 2
		4TH MECH DIV	LTC MAJ CPT CW4 CW2 SFC	1 4 12 1 3 7
IL	54	FIRST ARMY	LTC MAJ CPT CW4 MSG SFC	0 6 5 1 10 6
		85th TRNG DIV (USAR)	LTC MAJ CPT SFC	2 3 3 4
		THIRD ARMY	LTC MAJ CPT	2 1 4
		FIFTH ARMY	MAJ CPT CW4 MSG	1 1 1 4

<u>STATE</u>	<u># ASSIGNED TO STATE</u>	<u>COMMAND</u>	<u># ASSIGNED RANK</u>	<u># ASSIGNED BY RANK</u>
IN	46	FIRST ARMY	LTC MAJ CPT MSG SFC	2 8 5 10 21
KS	81	FIFTH ARMY	LTC MAJ CPT SGM MSG SFC SSG COL LTC MAJ CPT	1 11 10 1 4 17 1 1 5 15
		TRADOC	SFC MAJ LTC MAJ CPT CW4 SGM MSG SFC	9 2 1 4 5 4 1 1 8
KY	35	1ST INF DIV SECOND ARMY	LTC MAJ CPT SGM MSG SFC LTC MAJ CPT SFC	1 4 5 1 1 8 1 2 7 1
LA	116	SECOND ARMY	MSG SFC LTC MAJ CPT LT SGM MSG SFC SSG SGT SPC	1 12 2 9 9 1 1 1 17 5 5 4
		THIRD ARMY		

<u>STATE</u>	# ASSIGNED <u>TO STATE</u>	<u>COMMAND</u>	# ASSIGNED <u>RANK</u>	# ASSIGNED <u>BY RANK</u>
MA	57	FIFTH ARMY	MAJ	3
			CPT	1
			CW4	1
			SGM	2
			SFC	8
			LTC	1
			MAJ	6
			CPT	21
			CW4	1
			CW2	5
MD	52	FIRST ARMY	COL	1
			LTC	2
			MAJ	12
			CPT	4
			SGM	1
			MSG	12
			SFC	20
			MSG	1
			SFC	1
			SSG	2
ME	1	THIRD ARMY	SGT	1
			COL	1
			LTC	3
			MAJ	4
			CPT	11
			CW4	4
			MSG	5
			SFC	22
			SFC	2
			SGM	1
MI	9	FIRST ARMY	MAJ	1
			CPT	1
			MSG	2
			SFC	5
			LTC	1
			MAJ	9
			CPT	6
			MSG	6
			SFC	20
			SSG	1
<hr/>				

<u>STATE</u>	# ASSIGNED <u>TO STATE</u>	<u>COMMAND</u>	# ASSIGNED <u>RANK</u>	# ASSIGNED <u>BY RANK</u>
MO	42	FIFTH ARMY	LTC	3
			MAJ	8
			CPT	4
			SGM	1
			MSG	2
			SFC	24
MS	51	SECOND ARMY	CW4	1
			SFC	2
		1ST CAV DIV	LTC	1
			MAJ	6
			CPT	22
			CW4	1
			CW2	5
			MSG	1
			SFC	12
MT	5	SIXTH ARMY	CPT	1
			MSG	1
			SFC	2
			SSG	1
NC	30	SECOND ARMY	MAJ	8
			CPT	7
			CW4	1
			MSG	4
			SFC	9
			SSG	1
ND	17	SIXTH ARMY	CPT	4
			SFC	12
			SSG	1
NJ	58	FIRST ARMY	COL	1
			LTC	2
			MAJ	7
			CPT	7
			SGM	1
			MSG	6
			SFC	21
			SSG	1
		78TH TRNG DIV (USAR)	LTC	2
			MAJ	3
			CPT	3
			SFC	4

<u>STATE</u>	<u># ASSIGNED TO STATE</u>	<u>COMMAND</u>	<u># ASSIGNED RANK</u>	<u>BY RANK</u>
NM	35	FIFTH ARMY	LTC	1
			MAJ	4
			CPT	6
			CW4	2
			CW2	1
			SGM	1
			MSG	1
			SFC	15
			SSG	4
NY	35	FIRST ARMY	COL	1
			LTC	1
			MAJ	7
			CPT	4
			SGM	4
			MSG	4
			SFC	13
			SSG	1
OH	8	FIRST ARMY	CPT	1
			CW4	3
			SFC	1
			SSG	3
OK	43	FIFTH ARMY	MAJ	6
			CPT	8
			MSG	2
			SFC	25
			SSG	2
OR	26	SIXTH ARMY	CPT	2
			CW2	1
			SGM	1
			SFC	4
		4TH MECH DIV	MAJ	3
			CPT	8
			CW2	2
			SFC	5
PA	56	FIRST ARMY	COL	1
			MAJ	9
			CPT	11
			SGM	1
			MSG	5
			SFC	28
			SSG	1

<u>STATE</u>	<u># ASSIGNED TO STATE</u>	<u>COMMAND</u>	<u># ASSIGNED RANK</u>	<u>BY RANK</u>
PR	22	SECOND ARMY	LTC	2
			MAJ	4
			CPT	4
			SGM	1
			MSG	3
			SFC	8
SC	93	SECOND ARMY	LTC	1
			MAJ	9
			CPT	11
			CW4	2
			CW2	1
			MSG	4
			SFC	15
			SSG	3
		1ST MECH DIV	LTC	1
			MAJ	6
			CPT	21
			CW4	1
			CW2	5
			MSG	1
			SFC	12
SD	16	SIXTH ARMY	CPT	5
			CW2	2
			SGM	1
			SFC	8
TN	4	SECOND ARMY	MAJ	1
			CPT	1
			SFC	2
TX	150	FIFTH ARMY	COL	2
			LTC	7
			MAJ	15
			CPT	19
			CW4	8
			CW2	1
			SGM	2
			MSG	9
			SFC	57
			SGT	1

<u>STATE</u>		<u># ASSIGNED TO STATE</u>	<u>COMMAND</u>		<u># ASSIGNED RANK</u>	<u>BY RANK</u>
TX (Cont)			1ST CAV DIV	MAJ	2	
				CPT	5	
				CW2	4	
				MSG	1	
				SFC	3	
			2D ARMOR DIV	MAJ	1	
				CPT	1	
			75TH TRNG DIV (USAR)	LTC	2	
				MAJ	3	
				CPT	3	
				SFC	4	
UT	42		SIXTH ARMY	COL	1	
				MAJ	3	
				CPT	9	
				CW2	1	
				SGM	2	
				MSG	3	
				SFC	23	
VA	35		FIRST ARMY	COL	1	
				LTC	1	
				MAJ	7	
				CPT	3	
				SGM	1	
				MSG	3	
				SFC	19	
WA	82		SIXTH ARMY	LTC	3	
				MAJ	20	
				CPT	28	
				CW4	7	
				CW2	2	
				SGM	1	
				MSG	6	
				SFC	15	
WI	24		FIRST ARMY	LTC	1	
				MAJ	5	
				CPT	2	
				MSG	2	
				SFC	14	
WV	2		FIRST ARMY	MAJ	1	
				SFC	1	

<u>STATE</u>	# ASSIGNED <u>TO STATE</u>	<u>COMMAND</u>	# ASSIGNED <u>RANK</u>	# ASSIGNED <u>BY RANK</u>
WY	2	SIXTH ARMY	SFC	2
WASH, DC	1	THIRD ARMY	LTC	1
SAUDIA ARABIA	8	THIRD ARMY	LTC	1
			MAJ	1
			CPT	2
			MSG	1
			SFC	2
			SPC	1

TOTAL OFFICERS ASSIGNED: 998  
 TOTAL ENLISTED ASSIGNED: 1002  
 GRAND TOTAL ASSIGNED: 2000

The CHAIRMAN. Admiral Boorda, you are up.

**STATEMENT OF ADM. J.M. BOORDA, CHIEF OF NAVAL OPERATIONS, U.S. NAVY**

Admiral BOORDA. Yes, sir. Thank you, Mr. Chairman for your welcome. I will reciprocate by being very brief and saving the time for questions and answers. I also have a statement for the record which I previously submitted.

Our focus was the Army's. This year's budget, the 1996 budget, is on near-term readiness. Near-term readiness in that budget is in fact funded. That means all of the pieces of it; the flying hours, the steaming hours, the spare parts; all of the things that go into making up near-term readiness.

You described in your opening remarks exactly the kinds of tradeoffs you make when you do such a thing. I do support the 1996 budget for its near-term readiness impact. The tradeoffs there are modernization.

I can best describe that with one simple example. We will deliver in 1996, 22 new ships. This is all from prior year budgets. I say new ships. That is not really quite right. It is a mix of new ships and conversions, 22.

In 1997, after now 11 years and then 12 years of budget decline, we will deliver 8 ships. So, you can see what happens over time when you continue to decline. Those are the kinds of tradeoffs we make for near-term readiness, but they are the right tradeoffs to make.

Our recruiting also has been tough. We have had a little resurgence this year. Navy recruiters are sending all of the people in the Navy that we need at the quality that we need and in fact lead the services this year. It is tough. It is something we need to keep paying attention to.

Retention is all right now. To be honest with you, we are bottoming out, finishing the drawdown. We are 95 percent or so complete with that. Now, the challenge for us is to stop that decline and get retention where we need it for the long haul.

That is going to be hard work. We will need your help to do that. It has been easy to deal with it as we were trying to get smaller. Now we are going to need to keep the Navy about the size that it is.

Our Reserves are having to play a larger role. That is good. Someone asked me the other day, what do I see as a role for the Reserves? I said, I don't see one. I see a role for the Navy of which the Reserves are an important part. That is how we are approaching that.

Our 1994 problems mirrored the Army's. The Air Force and the Marine Corps I think will tell the same story. We really need the 1995 supplemental. All of the discussion about 1996 will be interesting, but probably not real relevant without the 1995 supplemental. We would carry so many problems into 1996 that the budget would not be able to deal with them.

Lack of flight hours, lack of steaming hours; we have stopped buying spare parts. We would defer maintenance. We would defer needed training. We would enter 1996 in a world of difficulty.

Finally, I might add, and I am sure I will get a question or two, I think size is important. Our Navy is valuable in a peacetime context only if it is forward deployed; if we have a reasonable amount out there.

We saw that with both Korea last year, with the crisis there, and in October, in a very vivid way, with the crisis—when Saddam Hussein moved his forces south.

We had an aircraft carrier not far away. In 2 days it was on station. It more than doubled the aircraft in the area. It was over 80 percent, at that time, of the precision guided munitions in the area. We had more Tomahawk missiles available to the unified commander at that moment than we fired during the gulf war; all because we were forward deployed.

Saddam Hussein, a few days later, started his troops back north of the 32d parallel. Why did he do that? I am not sure. I am real glad he did. While you cannot prove a negative, I think that carrier battle group, amphibious ready group and its embarked Marines, had something to do with it.

That is the kind of Navy you have. It takes about 346 or so ships to continue to produce that. That is what we will be asking for. Thank you.

[The prepared statement of Admiral Boorda and Gen. Carl E. Mundy, Jr. follows.]

# Department of the Navy 1995 Posture Statement

## THE NAVY-MARINE CORPS TEAM

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### OUR VISION

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#### OVERVIEW

The Department of the Navy has enacted a broad range of forward-looking programs, policies and organizational changes designed to keep the Navy and Marine Corps in step with rapidly changing national security challenges. Our ability to successfully conduct a wide range of demanding, real-world operations over the last year has validated our approach, and the foundation on which it was based.

Our plan this year is to follow through on the changes we have begun, making modest course corrections where practical and necessary. Our goal is to maintain a balance in our programs that will best provide for both the current and future readiness of America's Naval forces. The broad outlines of our program are well established: we are committed to a rightsized, recapitalized and ready force. These three themes— **rightsizing, recapitalization and readiness**— underpin this report. At the same time, we also remain focused on key continuing priorities, including our people, our technology, and our efficiency.

#### HIGHLIGHTS

We would like to highlight a few important points that you will find discussed in further detail in this Posture Statement.

The touchstone of all our plans for the Navy and Marine Corps is based on two defining Naval tasks: Forward Presence and Power Projection. Both tasks were formally endorsed in *A National Security Strategy of Engagement and Enlargement*, signed by the President in July 1994. In fulfilling these tasks naval forces provide unique, critical and enduring contributions to the Nation.

In 1994, we paid close attention to the balance between the size of our force structure and our readiness to meet national security commitments—what we have called **rightsizing**. We are continuously assessing the interlocking components of our Navy-Marine Corps Team, making appropriate adjustments to the force mix to maintain our flexible, combat-credible naval expeditionary forces in the highest possible state of readiness. Our continuing "rightsizing" strategy includes: aggressively reducing our overhead; restructuring our shore support infrastructure through the Base Realignment and Closure (BRAC) process; completing our schedule of decommissioning classes of ships, aircraft, and equipment; and stabilizing our personnel end strength after a long period of reduction and turbulence.

If we are to realize the benefits of a modern force in the next century, we must continue to streamline and modernize— to recapitalize our future force. Part of our strategy for enduring future Navy-Marine Corps readiness lies in our modernization program. Our ability to fulfill national defense roles in 2025 depends on the weapon systems we are designing for future introduction to the Fleet and Force. Examples include the construction of our first Flight IIA ARLEIGH BURKE-class guided missile destroyer; our advanced Strike-Fighter F/A-18E/F, which passed the Critical Design Review stage in June and is on track for the first flight in 1995; our Marine Corps medium-lift aircraft which came a step closer to reality when the Defense Acquisition Board recommended the V-22 Osprey for Low Rate

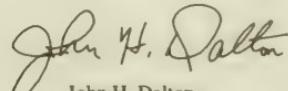
Initial Production in FY 97; commencement of CVN 76, our tenth nuclear-propelled aircraft carrier; the Navy's Cooperative Engagement Capability, a program that the Secretary of Defense directed to be accelerated due to its critical role in joint battlespace situational awareness; the Maritime Prepositioning Force, for which Congress has appropriated funds for an additional ship; the SEAWOLF-class submarine program, which will assure continued battlespace dominance well into the next century; and the New Attack Submarine, which will more affordably maintain that dominance.

We are taking further steps toward closer Navy-Marine Corps integration. In our joint Navy-Marine Corps Team, officers of each Service work side-by-side on the staffs of the Chief of Naval Operations, the Commandant of the Marine Corps, and the Secretariat. We are convinced that the Department of the Navy serves as the role model for the successful integration of joint planning, programming and budgeting, acquisition, training, operational deployment, and warfighting.

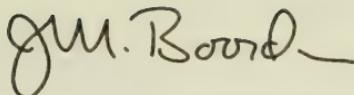
People are key to readiness. We are committed to maintaining personnel operating tempo at acceptable levels, and providing the best possible working environment for our people. Sailors and Marines will be properly motivated, trained, compensated, and rewarded for their superb efforts. We have instituted a number of initiatives to enhance the quality of life for our Servicemembers and their families. These programs were enhanced through the support of the President and the Secretary of Defense, who successfully advocated that additional funds be authorized to improve quality of life. We will ensure that our minority accessions will, no later than the year 2000, reflect the society the Navy and Marine Corps serve. Towards this end we are seeking to reach more of the available pool of recruits through greater recruitment efforts in minority communities. Our overall goal is to reach out and recruit the best possible candidates. Finally, we continue to expand opportunities for women throughout the Department. Our goal is to have the best qualified Sailors and Marines, regardless of race or gender, serving our Navy-Marine Corps Team and our country.

#### CONCLUSION

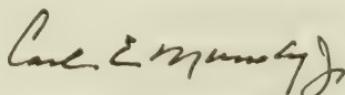
We invite you to read on. As you will see, your Navy and Marine Corps is an exceptionally well trained, well-equipped, and well-led force— two Services but one Team. The proof has been their performance during myriad fast-paced and complex operations around the globe. We are determined to provide the Nation with premier, combat-ready naval forces, able to execute their roles of forward presence and power projection. The Navy-Marine Corps Team is effective, relevant, and second to none. Our Nation deserves no less.



John H. Dalton  
Secretary of the Navy



Admiral J. M. Boorda, USN  
Chief of Naval Operations



General Carl E. Mundy, Jr., USMC  
Commandant of the Marine Corps

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## I. OUR STRATEGIC CONCEPT: FORWARD... FROM THE SEA

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### ENDURING RELEVANCE

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The Navy-Marine Corps Team provides our Nation potent, combat credible naval expeditionary forces ready to fight and prevail at key forward-deployed regions around the world: in the Pacific, Atlantic, Arctic, and Indian Oceans, Mediterranean, Adriatic, Caribbean and Red Seas, and Arabian Gulf. By operating forward in these key littoral regions, our naval forces—both Active and Reserve—are visible reminders to friends and potential foes of U.S. strength, resolve, and commitment. Our forces can be moved rapidly, as needed, between theaters to firmly demonstrate intent, to act as the Nation's initial combat response and as the enabling force for the follow-on Army and Air Force in joint and multinational operations. Combining the power and operational maneuver of Carrier Battle Groups, Amphibious Ready Groups, Marine expeditionary forces, surface combatants, submarines and Maritime Patrol Aircraft, our naval forces are readily positioned to respond swiftly to national tasking. Shaped for combat, when called on to fight, our forces are ready to win.

With the publication of ...*From the Sea* in September 1992, the Navy and Marine Corps embarked on

a fundamental shift in operational focus and a landmark reordering of war fighting priorities. This fundamental shift is well underway and is a direct result of the changes which were occurring in the strategic landscape. We have refocused from dealing primarily with a global maritime power on the high seas to projecting strength and influence along the littorals in response to regional challenges.

Littoral warfare has an inherently greater emphasis on fighting over land than over open ocean. The area of control necessary to support joint littoral operations will be dictated by the actual tactical situation, but notionally extends from the shore to open ocean, and inland from the shore over that extensive area that can be supported and controlled directly from the sea. In our vision of the future, we seek to achieve full tactical integration with the other Services in order to enhance successful warfare in the world's littoral region.

In the years since we announced this warfighting vision, we have been provided Presidential guidance about our role in national defense. A *National Security Strategy of Engagement and Enlargement* provided that guidance. The Strategy reaffirms that America's military forces will remain engaged overseas, able to rapidly project decisive combat power

in protection of vital U.S. interests, property, and citizens. It emphasizes the security threat of Weapons of Mass Destruction (WMD)— nuclear, biological, and chemical—and the missiles that deliver them. And it validates the Department of the Navy's timely shift in strategic focus and mandates a robust forward naval presence.

America's armed forces fight and win the Nation's wars; ...*From the Sea* articulates how naval forces contribute. Experience underscores, however, the reality that the most frequent use of naval forces occurs in situations short of war. This is because forward naval forces are the foundation of our Nation's overseas engagement. They are critical to our ability to promote and protect U.S. interests by deterring aggression, enhancing stability, promoting interoperability with allies, and providing timely initial crisis response and warfighting in joint and combined operations. Because of their ability to conduct extended operations in forward areas, the joint Navy-Marine Corps Team is most often the initial force called on to respond to emerging crises. They are heavily engaged during the transition from crisis to conflict, and later to ensuring compliance with the terms of peace. In recognition of this experience, we have recently expanded our strategic concept in

**Forward...From the Sea.** This White Paper underscores that naval forces must be sufficient for forward presence operations in peacetime, credible enough to act as a significant deterrent, and able to fight from the sea in time of war. In short, it addresses the unique contributions of Navy and Marine Corps forces across the full spectrum of operations in peace and war necessary to assure the Nation's security.

## TWO SERVICES—ONE TEAM

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The two military Services of the Department of the Navy contribute service-unique, but complementary capabilities to our Nation's defense.

The Navy provides sea-based forces that are relevant across the entire continuum of joint operations—from peacetime training through major regional conflict. The Navy's ability to operate unfettered at sea in international waters makes it the Nation's preferred choice for employment in the world's troubled regions. Forward deployed sea-based forces routinely permit our Nation to broaden engagement with our allies and potential coalition partners. By operating from sustainable sovereign seabases, the Fleet brings the full complement of military hardware alongside



which our partners want to train. This is particularly attractive because it permits strengthening of the mutual professional trust and familiarity with nations who may not yet be willing to welcome U.S. forces onto their territory. Navy capabilities also include the ability to maintain close surveillance of a critical region and to establish and enforce maritime embargoes and flight denial regimes. In time of crisis or war, the Navy brings powerful carrier battle groups and amphibious forces to the battle space. Tomahawk-capable ships and submarines provide added flexibility to deep strike planners. The Fleet is capable of sustained, around-the-clock operations necessary to attain sea control and project decisive power ashore.

The Marine Corps is a multi-purpose and multi-capable combined arms expeditionary force, adaptable to changing roles and future missions. It is mandated by Congress to be the most ready when the Nation generally is least ready. The Marine Corps is an expeditionary force-in-readiness. Marines provide a unique combat capability that combines air, land and naval forces from the sea—the Marine Air-Ground Task Force (MAGTF). The key characteristic of these forces is their expeditionary mindset. Marines differ from other land forces by their ability to adapt and engage upon arrival and then sustain operational momentum. Without the ability to be logistically expeditionary, Marines would be merely “displacers,” not deployers. Marine aviation is another element that characterizes the unique concept of MAGTFs. The primary function of Marine aviation is, and always has been, support of ground troops—focused, versatile, flexible, and responsive to needs on the ground. It is the Marine Corps ability to deliver a unique blend of ground, air and service support elements in a responsive and adaptive manner that makes it the Nation’s most effective land combat forcible entry option.

We call this blending of two distinct Services the joint Navy-Marine Corps Team. Together, they form a military capability unique in the world—one that underpins the Nation’s diplomatic initiatives and which provides a special expeditionary capability essential for halting enemy offensives and facilitating the deployment of heavier land-based ground and tactical air forces. The Naval Services specialize in

providing inherently sustainable, forward deployed, combat capable forces. Operating from the sea, the Sailors and Marines of our Navy-Marine Corps Team prove daily why they are the Nation’s “911 force” for global response.

### **EXECUTING THE STRATEGY**

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Two Navy-Marine Corps roles have become increasingly salient, and continue to underscore the value of our Team to the Nation. The first calls for the Navy and Marine Corps to be present overseas with combat credible forces in order to demonstrate United States will to perform a variety of functions in peacetime, and in the face of crisis. The second calls for the joint Navy and Marine Corps Team to project overwhelming combat power from the sea during wartime. Both roles are enabled by the unparalleled sustainment ability of the Navy and Marine Corps; Naval forces are uniquely able to routinely deploy as combat credible forces, capable of extended self-supported operations.

United States national security has long been grounded in preventing conflict through deterrence. Deterrence is achieved through application of the entire spectrum of national power—political, economic and military—necessary to cause an adversary to decide against specific conduct. Our national security strategy seeks to produce a state of mind by presenting a credible threat of unacceptable counteraction, the perception that cost exceeds gain, and that hostile actions will not succeed.

In peacetime we deter through the forward presence of U.S. military forces. Our sea-based forward presence, including highly survivable strategic submarines, is key to deterring strategic attacks on our Nation and allies, and for transitioning from peacetime to crisis management or war. Forward naval forces have unparalleled value which, though grounded in combat capability, surpasses mere utility in war. Our forward presence forces also: build regional interoperability; reassure allies of our commitment to mutual defense; demonstrate to potential foes our readiness, capability and determination to secure vital interests; and allow us to perform other military operations. Historically, the Navy and Marine Corps have always been positioned in forward

regions of the world. For half a century, their purpose was primarily to deter global conflict. In contrast, the world today is one of regional threats; a world in which we must be prepared to confront challenges of uncertain proportions, with uncertain goals, region by region. Our forward presence is powerfully important and even more central to the day-to-day operation of the Navy and Marine Corps in the current period because the United States is reducing its permanent overseas basing. As the Army and Air Force reposition to the United States, the Navy and Marine Corps sovereign seabases are providing the dominant portion of the Nation's forward presence.

When crisis appears imminent, we will employ naval forces able to undertake intensified surveillance of a critical region from international waters and air space, a task particularly suited to covert attack submarines, Maritime Patrol Aircraft and our space-based systems. We will also aggregate dispersed naval formations into larger, more capable on-scene forces which can generate significant combat power. At any time during a crisis, we are prepared to apply precision strikes with modern aircraft and cruise missiles against targets deep in the battlespace. This combat-ready power can be selectively revealed to potential foes or kept discretely out of sight, underwater as well as over the horizon. We will prepare our naval forces for seabased operational maneuver, to mount amphibious landings, seize ports and littoral airfields, and facilitate the introduction of heavier, CONUS-based follow-on forces. We will also position our forces to mount special warfare operations from the sea, extract U.S. and friendly personnel from threatened locations in non-permissive situations, and establish and enforce maritime embargoes and flight denial regimes. In short, we are positioned and prepared to respond to rising tension, and stop wars before they start.

Proliferation of Weapons of Mass Destruction (WMD) is one of the most important issues our Nation faces today. The turbulence in the Former Soviet Union (FSU) has increased the potential for the spread of WMD. When this is combined with the reality that weapon delivery system technology is also readily available, an environment with potentially grave consequences exists. The Navy and Marine Corps provide an important contribution in all phases

of counterproliferation— prevention, interdiction, neutralization, and active and passive defense. Our planning supports national policies which seek to limit proliferation. At the same time, we are taking the necessary steps to be able to fight in an environment where the enemy possesses WMD. We are focusing the highest level of attention on this issue.



The projection of overwhelming power from the sea during conflict is also a compelling defining role for Naval forces. Should hostilities break out, forward deployed Carrier Battle Groups and Amphibious Ready Groups will quickly respond to blunt our foe's initial objectives. Tomahawk-armed ships and submarines provide options for deep inland missile strikes with tremendous precision and lethality. When necessary, we are also prepared to augment all our carrier air wings with additional aircrews. Maritime Prepositioning Ship Squadrons (MPSRONS), already forward deployed, along with additional Carrier Battle Groups and Amphibious Ready Groups, will close on the region of hostilities. Expanded amphibious task forces will merge to make up an amphibious-based Marine expeditionary force, fully capable of forcible entry at the time and place of our choosing. The introduction of one or more MPSRONS with an amphibious force provides the Joint Task Force Commander with a highly mobile, lethal combat capability fully sustained from its seabased source. Our underway resupply ships make possible sustained, around the clock strike and combat support operations.

Finally, when hostilities conclude, the Navy-Marine Corps Team most often remains in place enforcing the terms of peace. The inherent diplomatic power and freedom provided by seabased forces mean they

are frequently the logical choice in the dangerous transitional period following hostilities.

The ships, aircraft and Marine forces necessary to remain forward deployed around the globe are the Nation's most cost effective insurance policy. This is because the Navy and Marine Corps possess the full range of powerful capabilities critical to advance and defend our transoceanic interests in peacetime, crises, and war.

### **RESERVE FORCE CONTRIBUTIONS**

The present day Reserve force has been reshaped by the same factors that have dramatically affected the Active force: new strategic circumstances and reduced budgets. Our Reserve forces now provide peacetime contributory support in addition to their traditional training role. Through the concept of flexible drilling, Reservists are now also able to combine drill and Active Duty for Training periods to better support the Fleet. More than at any other time in its history, the Naval Reserve force employs Fleet compatible, state-of-the-art equipment.

The Naval Reserve's utility is being bolstered by the addition of five new ship classes. USS JOHN F. KENNEDY (CV 67), our first Operational Reserve Carrier and USS INCHON (MCS 12), the first Mine Control Ship, will join the Reserve. In addition, our Reserve force will be improved by the addition of two Tank Landing Ships (LSTs), four Mine Countermeasure Ships (MCMs), and eleven Coastal Mine Hunters (MHCs).

Further, the Naval Reserve is now involved in a broader variety of missions. These forces provide robust support to Navy Intelligence headquarters and field activities, and are assuming the missions of range/training carrier support and vertical onboard delivery. They provide increased adversary and electronic warfare support, and have expanded responsibilities in counterdrug operations. Naval Reserve forces have also taken on increased involvement in mine warfare, Combat Search and Rescue and airborne logistics support. In the area of construction, Reserve SEABEES now have their drill time allocated directly by the Fleet Commanders-in-Chief for various projects aimed at reducing the maintenance and repair backlog at bases and stations.

Marine Reserves maintain readiness by integrating Reserve component training with that of Active forces. This full integration is possible because nearly thirty percent of enlisted Marines in the Reserve Force have prior Active service while nearly all Reserve commissioned officers have prior Active service. Reserve units conduct combined arms, cold weather, and mountain training that incorporate ground, air, and logistics units. Members of Marine Forces Reserve regularly participate in major joint and combined exercises. During FY 94, exercises included BALIKATAN (Philippines), VALIANT BLITZ and ULCHI-FOCUS LENS (Korea), COBRA GOLD (Thailand), ALPINE WARRIOR (Norway), AGILE PROVIDER/AGILE SWORD (North Carolina).

The vibrant coupling of training and peacetime contributory support will shape the future Reserve Force. All peacetime support is voluntary, and while there are limits where Reservists can serve, as well as limits in the funds available, we anticipate that Reserve contributions will grow in the future. Our Navy-Marine Corps Team's Reserve mission has been, is now, and will continue to be getting the right people to the right place at the right time to support the Active force.

### **THE STRATEGY IN ACTION**

In 1994, our forces were called on to respond to significant contingencies in four widely dispersed regions of the globe (northwest Pacific, the Indian Ocean/Arabian Gulf, the Adriatic and Caribbean Seas). Throughout the year, our carrier battle groups were repeatedly shifted from crisis to crisis as theater commanders called for their unique blend of flexible striking power and diplomatic sovereignty. Not since the Second World War have our carriers and Marines engaged in so many nearly simultaneous operations in such a condensed period. We supported deterrent actions on the Korean Peninsula, and most recently in the Arabian Gulf to counter Iraqi threats to Kuwait. Our forces provided refugee interdiction and relief operations for Cubans and Haitians, and spearheaded the re-establishment of democracy in Haiti. An on-call amphibious force remained off the Somali coast to ensure security for United Nations relief and peacekeeping forces and will ensure the safe extraction of United Nations forces. The Navy

and Marine Corps also continued to support an asset intensive no-fly zone over southern Iraq. Our joint Team similarly supported no-fly zones and peace enforcement actions over Bosnia. Our forces evacuated diplomats from Rwanda on short notice. Closer to home, Marine Corps fire fighting teams were organized and sent in to help control forest fires in the Pacific Northwest, and our personnel assisted state and local authorities in relief operations after massive flooding in Georgia and the Los Angeles earthquake.

Navy and Marine Corps full support of the national strategy of engagement was underscored by our participation in over 350 world-wide exercises as well as by port visits to over 97 countries this past year. For example, we completed the first ship visit in over a quarter century to South Africa as U.S. goodwill ambassadors. This year also marked the first ever Navy ship visit to Ukraine when USS BELKNAP, with Commander, U.S. SIXTH Fleet embarked, visited Odessa. On any given day roughly 50% of the Fleet is at sea and about 50% of the Fleet Marine Force is in the field. In the future, as we look at crisis areas and potential conflicts, it is our judgment that the littoral will be where they will occur. This is

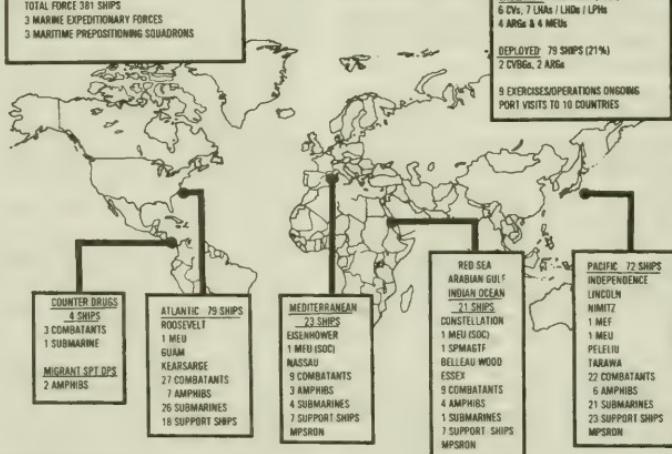
because virtually all of the world's population and major cities lie within 200 miles of the coast. Our Sailors and Marines answered repeated calls to action with professionalism and dedication throughout this past year. As you will see below, short notice, often simultaneous operations demonstrated the utility and need for combat ready forces deployed forward in troubled regions where our national interests and threats to those interests most often collide. They are also indicative of the strategic environment the Nation will face well into the foreseeable future. Both forward based and forward deployed naval forces are uniquely useful to the National Command Authorities. Day to day calls for the Navy and Marine Corps in emerging crises validate the unique utility of combat credible forward deployed naval forces.

#### NORTHWEST PACIFIC OCEAN

**Korea:** Contingency Operations (June-August 1994). Tensions again flared on the Korean Peninsula in 1994 due to renewed concerns about North Korea's nuclear weapon ambitions, and the turbulence associated with the death of Kim Il Sung. In response to rapidly escalating tensions, the INDEPENDENCE and CONSTELLATION Carrier Battle

### THE NAVY/MARINE CORPS TEAM

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Groups, with integrated attack submarines and mine sweeping assets, were dispatched to the waters off Korea to complement the other U.S. military forces normally maintained in theater. As the crisis deepened, our forward carrier presence provided to the National Command Authorities the option of positioning up to four Carrier Battle Groups with 248 strike aircraft and all their warfighting sustainment within fourteen days. Forward based Marine expeditionary forces were also placed in a higher state of combat readiness. The fluid, unencumbered, combat-ready Carrier Battle Groups and Marine forces provided the clearest, unambiguous signal of our national intent, and deterred further escalation of diplomatic tension. This contingency also demonstrated the diplomatic value of employing seabased carrier and Marine power projection capabilities which may be easily and discretely withdrawn as tensions decline.

#### **ARABIAN GULF/RED SEA**

**Kuwait:** Operation VIGILANT WARRIOR (October-December 1994). Navy and Marine Corps combat forces were quickly brought to bear in response to Iraqi threats to Kuwait last fall. One day after the theater commander requested additional forces, the carrier GEORGE WASHINGTON and Tomahawk-armed cruiser SAN JACINTO, positioned in the Red Sea, were available to respond to potential Iraqi aggression with overwhelming strikes from the sea. Our normal Middle East Force presence was expanded rapidly as this crisis developed. Two days into the contingency, a combat-ready Amphibious Ready Group with a Marine Expeditionary Unit embarked was off the coast of Kuwait conducting a show of force. This amphibious task force began rapid planning and coordination with the U.S. Embassy for the possible evacuation of American citizens and foreign nationals, as well as coordination with Kuwaiti Armed Forces for the defense of Kuwait City. On arrival, the aircraft carrier doubled the number of combat aircraft in theater. By the sixth day of the crisis, almost sixty percent of air-to-ground strike capability was provided by our carrier force—at one tenth the cost of other forces surging from the continental United States. Maritime Prepositioning Ships of Squadron TWO in Diego Garcia were also underway with equipment for a 16,000 Marine combat force. The rapid movement of our carrier and Ma-

rine forces, coupled with their tremendous inherent capabilities not only provided credible combat power while awaiting the introduction of land based forces, but vividly reinforced diplomatic efforts to deter further Iraqi adventurism.

**Iraq:** Operation SOUTHERN WATCH (1991-present). Naval forces continued to share responsibility with the Air Force for no-fly operations over Iraq in support of United Nations efforts to protect Iraqi Shiite minority populations. Naval operations included extensive Navy and Marine aircraft sorties from carriers deployed to the Arabian Gulf.

**Maritime Interception Operations** (1990-present). Through much of 1994, Navy surface combatants and Maritime Patrol Aircraft continued to execute Maritime Interception Operations (MIO) in the Arabian Gulf and Red Sea in support of United Nations sanctions against Iraq. These at-sea sanction operations, enacted four years earlier at the beginning of the Gulf War, were terminated in the Red Sea this fall but continue in the Arabian Gulf. By the end of 1994, surface combatants had conducted over 21,000 at sea intercepts while simultaneously performing other vital forward presence missions.

#### **INDIAN OCEAN**

**Somalia:** Operation RESTORE HOPE (November 1993-present). We began 1994 with Marines ashore and afloat, and a Carrier Battle Group positioned off the Somali coast. Because Somalia's infrastructure proved extremely limited and required extensive engineering efforts to enable additional forces and equipment to arrive, Maritime Prepositioning Force (MPF) assets were also employed to support this joint humanitarian relief and security mission. In March, two sea based Marine Expeditionary Units covered the withdrawal of in-country U.S. Army forces. Other operations supporting humanitarian relief in Somalia continued through most of the year. For example, Marines from the Fleet Anti-Terrorist Security Team (FAST) continued to provide combat escort and security to the U.S. Liaison Office in Mogadishu through August. Navy and Marine Corps units remain off-shore today, poised for short notice support to ongoing United Nations and Non-Governmental Organization sponsored relief operations. This op-

**Achille Lauro Passenger Rescue** (December 1994). Late in 1994, Navy surface combatants responded to a distress call from the burning cruise liner, Achille Lauro, located 300 miles to the south of Somalia. Coordinating with Maritime Patrol Aircraft and merchant vessels on the scene, our warships launched embarked LAMPS helicopters while still 150 miles away. These helicopters allowed the transfer of badly needed food, water, blankets and medical supplies in a timely manner. Upon arrival, our ships brought approximately 200 survivors aboard to assist their return to port.

#### EUROPE

**Bosnia:** Operation PROVIDE PROMISE (July 1992-present). This joint operation with the Air Force, involving Navy carrier based and Marine Corps land based air capabilities, protected humanitarian relief supplies flown into besieged cities in the former Yugoslavia. In addition to Navy and Marine Corps fighter/attack aircraft, a Marine aerial refueling squadron, military police unit, a Navy Fleet Hospital, and on-call combat Search and Rescue forces supplied vital support to United Nations forces.

**Operation DENY FLIGHT** (April 1993-present). Naval air forces comprised of carrier-based air wings and Marine F/A-18D and EA-6B squadrons based ashore in Italy participated in a joint and combined operation to enforce a United Nations-mandated No-Fly zone in the airspace over the Republic of Bosnia-Herzegovina. The Navy-Marine Corps Team also provided protective air support to United Nations Protection Forces (UNPROFOR). Maritime Patrol Aircraft equipped with electro-optical sensors supported overland imagery collection efforts by providing real-time still and full motion video imagery to ground commanders. On 21 and 23 November, land-based Marine strike aircraft participated in punitive air strikes against the Bosnian and Croatian Serbs in the Bihać region of Bosnia-Herzegovina.

**Adriatic Sea:** Operation SHARP GUARD (June 1993-November 1994). This cooperative effort in the Adriatic Sea conducted by NATO Standing Naval Forces (multinational squadrons of surface combatants), and other U.S. and West European naval forces, enforced a United Nations mandated embargo in response to the Yugoslavian civil war. Although the participation of U.S. naval forces was recently modified, our forces, including intelligence-gather-



eration demonstrates that naval forces are routinely the first to be called and the last to leave.

**Rwanda:** Operation DISTANT RUNNER (April 1994). A sea based Marine Expeditionary Unit led U.S. efforts to conduct a Non-combatant Evacuation Operation (NEO) during the Rwanda civil war. Marines provided aerial security and support to the hundreds of American citizens and foreign nationals fleeing Rwanda for Burundi.

**Operation SUPPORT HOPE** (July-August 1994). A sea-based Marine Expeditionary Unit again responded to an emergent crisis in Rwanda by providing refugee relief supplies (food and medical care) into this war-torn remote inland nation. Task Force SUPER STALLION, an aviation task force comprised of 4 CH-53E helicopters, carried vital supplies over 650 miles inland to starving refugees encamped near the Zaire-Rwanda border.

**Achille Lauro Passenger Rescue** (December 1994). Late in 1994, Navy surface combatants responded to a distress call from the burning cruise liner, Achille

ing attack submarines and Maritime Patrol Aircraft, were instrumental in providing the "glue" that enabled coalition forces to virtually seal off the Balkan littoral from smuggled arms shipments.

**Central and Eastern Europe: The Partnership For Peace (PFP) program** is the centerpiece of NATO's strategic relationship with Central and Eastern Europe. For example, three major PFP exercises were conducted with Eastern Europe this year. The most important of these was our exercise BALTOPS 94. Originally intended as a modest multinational maritime exercise in the Baltic Sea, it expanded significantly to include extensive participation by virtually all nations of the region, with heavy involvement by former Warsaw Pact nations, including Russia. As part of our bilateral military-to-military contacts program, we have also begun basic seamanship exercises and conducted numerous traveling contacts and familiarization visits with the naval forces of this region. Sixty-six familiarization visits to U.S. facilities have been completed and over 145 traveling contact teams have visited host nations. Navy and Marine Corps officers are also now stationed with in-country military liaison teams and we are busy developing additional programs to further naval contact with the nations of this region.

#### RUSSIA

We are encouraged by the maturation of our relations with Russia. As a mark of improving relations, the United States and the Republics of the Former Soviet Union (FSU) have agreed to no longer target each other with strategic nuclear weapons. Prudence dictates, however, that we remain sensitive to continuing unrest in the Eurasian heartland and cognizant of Russia's sophisticated submarine capabilities.

We note the increased participation by Russia in multinational exercises in the Arabian Gulf, Baltic, North, Norwegian, and Black Seas. We conducted a Navy-Marine Corps humanitarian relief exercise with Russian forces near Vladivostok (the first time since 1945 that U.S. forces have exercised on Russian soil). In addition, Russian forces participated in the first NATO-sponsored Partnership For Peace naval exercise (fifteen ships from nine NATO and three partner

countries), and together we are conducting frequent passing at-sea exercises of opportunity.

#### CARIBBEAN

**Cuba/Haiti: Operations ABLE VIGIL and SEA SIGNAL** (August 1994-present). Navy surface combatants, amphibious ships, patrol aircraft, Coast Guard vessels, and Marine expeditionary forces responded to a mass seaborne exodus from both Cuba and Haiti. Operations consisted of interdicting, transporting and processing migrants, and operating support facilities for over 40,000 refugees at the U.S. Naval Facility at Guantanamo Bay, Cuba. Our Reservists, deploying in the air, on the sea, and ashore, were particularly instrumental in detecting, rescuing, and providing assistance to Haitians exiting their beleaguered country. Over 460 Navy and Marine Reservists volunteered for active duty at Guantanamo Bay to support this operation. Marine Reserves provided three separate increments of task-organized provisional rifle companies over a 90-day period to assist in providing security. Reserve Marines also volunteered for duty at Camp Lejeune, North Carolina providing equipment maintenance support for Active component units.



**Operations SUPPORT DEMOCRACY/UPHOLD DEMOCRACY** (September 1994-present). These operations conducted with the Army and Air Force restored democracy to Haiti through the multinational enforcement of United Nations sanctions. Participation of the Navy-Marine Corps Team peaked with over 11,000 personnel and 24 warships involved in command and control support, show of force opera-

tions, and delivery of occupation forces. Naval operations included flexible use of two aircraft carriers and a successful Marine Expeditionary Unit landing at the city of Cap Haitien. Marine expeditionary forces maintained security there for two weeks before passing control to Army units. This contingency also involved precursor reconnaissance by attack submarines and Maritime Patrol Aircraft, and the first operational employment of two CYCLONE-class Coastal Patrol ships (PCs). Additionally, over 110 Naval Reservists were recalled to provide command and control support, and harbor security. During this contingency Naval expeditionary forces convincingly demonstrated their flexibility by quickly and effectively adapting to changing operational circumstances, forming a highly capable Joint Expeditionary Force. On-station Navy ships continue to provide command and control support, and a contingency presence near Haiti today to ensure the smooth restoration of democracy.

**Counterdrug Operations.** In consonance with the *National Drug Control Strategy* and other counterdrug directives from higher authority, Navy's counterdrug force structure in the transit zone has been modified to support greater source country efforts. The overall level of Navy resources has been adjusted and platforms types assigned have been modified to optimize mission effectiveness at a lower cost in terms of both dollars and manpower. Three T-AGOS ships have been equipped with upgraded communications equipment and radar to detect suspect airborne drug traffickers. This permits two T-AGOS ships to remain continuously on station and thus frees two surface combatants for other missions. Three to five surface combatants, with embarked Coast Guard law enforcement boarding teams, remain tasked for this mission. Maritime Patrol Aircraft, also assigned to the counterdrug mission, have been modified with a modular air-to-air radar, electro-optics, and a communication suite which greatly aids their unique long-range tracking capability. Attack submarines have also been employed to perform covert transit zone surveillance. Navy counterdrug support in the transit zone this past year included over 21,000 flight hours and 2,800 ship days. A Navy Relocatable Over the Horizon Radar (ROTHR) system, sited in Virginia, provided wide area surveillance of the Caribbean and an additional system is

now under construction in Texas. Our Navy and Marine Corps also continued to provide technical training and support to both source country and southwest border counterdrug efforts. For example, the Marine Corps participated in 109 missions in support of southwest border counterdrug operations. Additionally, Navy and Marine Corps Reserve assets provide extensive air, surface, border surveillance and intelligence analysis support.



#### MAJOR DISASTER RELIEF

**Operations WILDFIRE 94 and SOUTHEASTERN FLOODS.** Navy and Marine Corps units conducted numerous relief efforts for local communities affected by disastrous wildfires and floods this year. The worst of these disasters occurred during flooding in Georgia. Disaster relief operations consisted of flood prevention, fire fighting, rescue, and medical assistance.

**Los Angeles, California Earthquake** (January-February 1994). The Navy provided qualified linguists and SEABEES (Construction Battalion) to assist the local populace in the aftermath of last year's major Los Angeles earthquake. Our SEABEES completed various construction projects, provided potable water, and greatly assisted the initial infrastructure reconstruction efforts in support of local communities. Naval Reserve assistance in disaster and humanitarian relief operations was particularly important in this earthquake. Local Naval Reserve activities immediately provided facilities and personnel to support rescue and emergency operations. For example,

the California Conservation Corps, 130 strong, were hosted by the Navy and Marine Corps Reserve Center Encino, and Reserve corpsmen were provided to the Red Cross for medical support.

These are just some of the many highlights of Navy and Marine Corps operations in 1994. They are illustrative of the depth and breadth of our involvement in direct support of the *National Security Strategy of Engagement and Enlargement*.

## **PROGRAMMING FOR OUR STRATEGY**

To steer us as we develop our force, the Department of the Navy is guided by four principles:

- Maintain the quality and morale of our people
- Preserve our readiness for combat
- Keep our war fighting edge through advanced technology
- Promote efficient use of our resources

Our budget plans continue to be driven by our determination to operate more effectively in a joint warfighting environment. This past year we continued to refine our planning shift from a platform specific orientation (aviation, submarine, and surface warfare) to a more appropriate Department-wide cross warfare orientation (littoral and expeditionary warfare). We also continued to refine the "planning" phase of the Planning, Programming, and Budgeting System from its elaborate, Cold War structure to an integrated process relevant and responsive to the more fluid, new mission environment. Our program and budget are subjected to a rigorous and comprehensive set of Joint Mission and Support Area Assessments. It is also responsive to Presidential guidance, to the operational requirements of our Fleet and Force Commanders, and complementary to the Joint Warfighting Capability Assessments (JWCA) conducted by the Joint Requirements Oversight Council (JROC). Through these budget planning refinements, we have been able to more clearly articulate Department-wide priorities, provide a broader range of alternatives, acknowledge fiscal constraints, and better employ all of the Department's resources.

**Department of the Navy  
FY 1996/97 Budget Summary By Appropriation  
(In \$Million)**

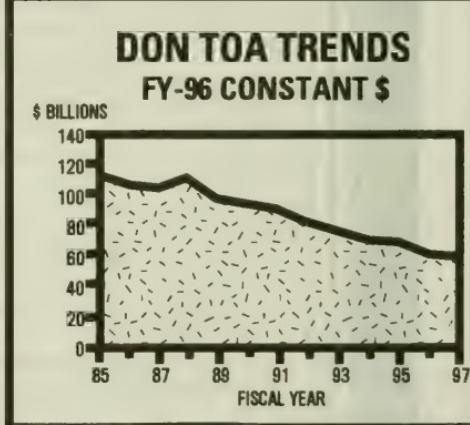
ACCOUNT	FY 94	FY 95	FY 96	FY 97
Military Personnel, Navy	18,546.5	17,569.1	16,930.6	16,337.0
Military Personnel, Marine Corps	5,732.4	5,774.9	5,877.8	5,956.2
Reserve Personnel, Navy	1,591.4	1,401.8	1,348.2	1,322.9
Reserve Personnel, Marine Corps	344.1	348.7	361.8	372.9
Operations & Maintenance, Navy	20,853.9	21,328.6	21,225.7	20,254.5
Operations & Maintenance, MC	1,902.5	2,069.4	2,269.7	2,285.0
Operations & Maintenance, Navy Reserve	757.3	831.3	826.0	864.7
Operations & Maintenance, MC Reserve	91.2	82.0	90.3	95.3
Aircraft Procurement, Navy	5,488.8	4,599.8	3,886.5	6,885.2
Weapons Procurement, Navy	2,947.6	2,083.4	1,787.1	1,714.3
Shipbuilding & Conversion, Navy	4,195.2	6,574.5	5,051.9	3,941.6
Other Procurement, Navy	2,894.7	3,274.3	2,396.1	3,124.4
Procurement, Marine Corps	442.9	418.2	474.1	687.9
Procurement of Ammo, Navy & MC	-	414.8	-	-
Research, Development, Test & Eval	8,191.4	8,694.7	8,204.6	7,716.9
Military Construction, Navy	668.1	399.3	488.1	460.5
Military Construction, Navy Reserve	24.4	22.7	7.9	9.1
Family Housing, Navy and Marine Corps	1,142.7	1,205.1	1,514.1	1,453.8
National Defense Sealift Fund	1,540.8	699.4	974.2	913.4
Base Closure and Realignment	784.5	1,438.5	2,082.3	1,305.3
Payment to Kaho'olawe Island	1.3	63.7	26.0	15.0
<b>TOTAL</b>	<b>78,141.7</b>	<b>79,294.3</b>	<b>75,823.0</b>	<b>75,715.9</b>

Our planning stresses that new thinking is required to satisfy valid requirements, that not all requirements necessarily require dollars, and that we must develop greater commonality as we plan for the future. For example, in order to assess requirements, develop programs, and prioritize resources, planners are directed to look at: how to balance critical elements of our programs; how to continue to reduce overhead; how to take advantage of advances in technology; how to best meet industrial base requirements; and how to improve the use of Reserve forces. Resources have been shifted to higher priority near-term programs affecting areas of military pay, readiness and quality-of-life. Ship depot maintenance and aircraft rework programs have been funded at levels proven to be manageable without delays for ship deployment schedules or the grounding of aircraft.

In the past several years the Department of the Navy has also pursued aggressive positions on force structure and infrastructure reductions. We developed a balanced program to meet our planned needs both in

the short and long term. However, as identified in last year's Posture Statement to Congress, there are risks to our fiscal strategy that might adversely impact our planning. Last year we identified four of the most troublesome risks that we foresaw: unforeseen changes in the world security environment that would require more than currently programmed force structure; increased readiness costs due to unforeseen contingency operations; unanticipated cost growth in future systems and programs due to rising inflation or industrial base problems; and underfunding the base closure account. Enough of these risks have been realized to necessitate adjustments to our previous force structure and acquisition plans which we will address later in this Statement.

The Department also fully embraces the opportunity for increased effectiveness and efficiency which the ongoing Roles and Missions review brings. We welcome the internal and external analysis of our methods, procedures, and organization that is required to support the important objectives of the Commission.



## II. PEOPLE

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Sailors, Marines and civilians; Active and Reserve personnel; men and women who come to us from all walks of life and every part of American society, are the heart of the Naval Services. Foremost we intend to keep faith with our people: they are at the center of our readiness and the reason we are the world's foremost maritime power. Every day our people and their families make thousands of personal sacrifices in the defense of our country. We must keep faith with them, and do so by ensuring they have the proficiency and modern tools of combat to go confidently in harm's way. We also earn it by ensuring our Sailors and Marines have the highest affordable standard of living, a decent work environment, and helpful family support services.

Our manpower strategy seeks to: recruit the highest quality men and women; protect our high quality Active, Reserve and civilian career force; provide adequate compensation for the job we ask our people to do; enhance the quality of life we provide our Sailors, Marines and their families; maintain a tolerable Personnel Operating Tempo; achieve remaining personnel reductions through a responsible plan utilizing

the management tools already provided by Congress; sustain our combat readiness by ensuring reasonable promotion and advancement opportunities; add experience to our officer corps by providing new avenues to commission our best enlisted personnel; and target bonuses to retain those people who will form the core of our future force.

To protect this most important readiness area—our people—we constantly strive to stay within established Personnel Operating Tempo (PERSTEMPO) targets. The Navy calls for a maximum deployment away from families of six months, and at least a year between deployments. Many of our ships and aircraft squadrons are on the edge of exceeding these goals. The time spent away from home for Marine operating forces now reaches from 45 to 55 percent for ground units and 50 to 60 percent for aviation units. Given significantly reduced naval force levels and the growing demand for the Navy-Marine Corps Team in contingency operations, achieving acceptable PERSTEMPO levels is increasingly difficult. We are proud of the way our Sailors and Marines have met heavy commitments. They recognize they

are the leading edge of American military power and, as such, will often be called first to respond. However, pressure to exceed PERSTEMPO goals and work our forces harder than we have planned, risks reductions in readiness over the long term. Sustained excessive PERSTEMPO rates make it more difficult to retain quality personnel, and thus raise the risk of personnel shortages, particularly in highly sought technical skills. We can accomplish a lot with superior quality personnel, in spite of occasional lapses in training and maintenance, or the availability of spare parts due to funding constraints. However, the most technologically advanced weapon system will be of little military value if we do not have the highly skilled people needed to operate and maintain it. Ultimately the loss of quality people will bring about the hollow force that we all wish to avoid.

We can now "see" the end of downsizing in both the Active and Reserve components and are focusing on the future stabilized personnel needs of the Department. The difficulty of completing the remaining portion of the draw down should not be understated, nor must the unique challenge of maintaining the already achieved steady-state endstrength of the Marine Corps be overlooked. We must also carefully manage reductions in the Department's civilian cadre. Our glide slope for the final phase of the Navy's personnel reduction is steep but controllable. To increase this slope, as some argue, would seriously jeopardize our ability to retain the right mix of personnel of all pay grades. Combat readiness would invariably suffer.

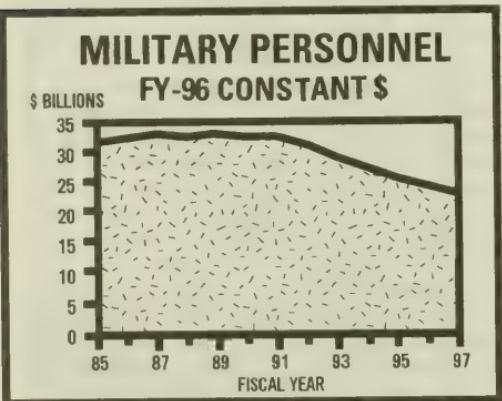
Maintaining properly motivated Sailors and Marines is the most important goal of our planning; it is the strong foundation upon which our combat readiness is built. We are convinced that keeping faith with our career personnel in the key areas of quality of life and advancement is the only way to convince the best— those with a broad range of other employment options— to continue to serve the Nation. Avoiding involuntary separation of mid-career personnel before they are retirement eligible is crucial for maintaining readiness and keeping faith with the quality people who have dedicated their lives to the defense of our Nation. This is absolutely essential if we are to emerge from this period of turbulent restructuring as the world's finest naval power.

## **LEADERSHIP**

When we discuss the magnificent men and women that make up the Navy and Marine Corps, we must also discuss the Naval Service's commitment to maintain an environment in which each individual is led with dignity and respect. Sound leadership results in victory in combat. To defend liberty—a concept derived from the strong values of America's founders—the Navy and Marine Corps understand that they must successfully lead a diverse population. One of the keys to leading quality personnel is the development and affirmation of our core values of honor, courage and commitment and a strong sense of ethical behavior within each individual.

Our Sailors and Marines recognize that ethical leadership is the bedrock on which we build subordinates' trust in the orders of their seniors. Without ethical leadership, there can be none of the special *esprit de corps* essential for the teamwork required in combat, and the American people would have little confidence in the propriety of our actions. The character of the Naval Service is grounded in honor and integrity. These are our ideals, and they are what the American people admire most.

Since 1989, the Active Navy has conducted Service-wide surveys to help our leaders assess our equal opportunity climate. This past year, the Naval Reserve and Marine Corps have also begun to conduct climate surveys. These surveys are an invaluable tool for revealing us the perceptions of our Sailors



and Marines about various aspects of discrimination, sexual harassment, as well as our general work environment. We use this survey data to tell our leaders what is going on in our organizations, and to develop and refine our policies and programs. Our most recent survey was particularly encouraging. The Navy is building on this approach to expand the Command Managed Equal Opportunity (CMEO) program to improve our commanding officers' ability to conduct surveys in their own ships and units, and determine their crews' perceptions of the workplace environment. In this way, commanding officers can more efficiently judge the effectiveness of programs to promote equal opportunity and head off problems before they occur.

Included as part of our commitment to responsibly lead our people is our assurance to members that their families will be taken care of should the member die, be declared missing or become seriously ill or injured. We must provide equitable survivor benefits and entitlements. We are taking proactive steps to ensure we have the best possible Casualty Assistance programs to take care of our service family members when they are confronted by the numerous difficulties associated with the loss or serious illness of a loved one.

These policies and programs represent the Department's commitment to optimal integration and the fostering of a climate where all members, regardless of race or gender, can compete fairly to achieve their maximum potential. We recognize throughout the Department that an environment of readiness can only exist where each and every member of the Total Force is led with absolute dignity and respect.

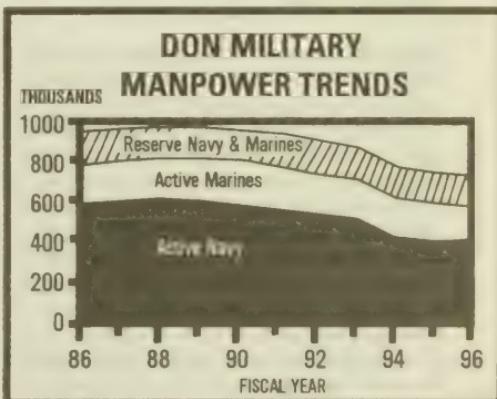
#### **SHAPING THE FORCE**

The vision of our Navy and Marine Corps is one of a totally integrated, diverse team of Active and Reserve Sailors, Marines and civilians—neutral in race and gender. It will be a highly educated, technically oriented Navy and Marine Corps where shipmates are encouraged, mentored and developed but which retains the tested traditions of our expeditionary force—full recognition of the authority, accountability and responsibility of the commanding officer and the chain-of-command, and the expectation to act with intelligence, daring and leadership.

Last year, the Navy's Active end strength dropped below 469,000. Our planning calls for the number of Active Navy personnel to continue to decline to just under 395,000 by 1999. The established force level of 174,000 Active duty Marines has already been achieved. Reserve end strengths are decreasing from a high of 151,500 for the Naval Reserve in 1989 and 44,500 for the Marine Corps Reserve in 1990 to 1990 96,400 for the Naval Reserve and 42,000 for the Marine Corps Reserve by 1999. Our civilian staffing also continues on a downward trend. Civilian end strength will decline from 269,000 in FY 94 to 209,000 in FY 01. We have fully funded separation programs to properly size our civilian workforce. These Total Force levels represent the largest draw down of naval personnel in decades.

In the final stages of our rightsizing, we will continue to use the tools provided by Congress to carefully shape the career force to meet the needs of the Navy and Marine Corps in the next century. Shaping our career force requires careful attention to promotion and advancement opportunities. To maintain adequate promotion opportunity and timing for our officer corps we are requesting modest temporary relief from the grade table requirements for Active duty officers between Lieutenant Commander/Major and Captain/Colonel. In accomplishing this we will remain within DOPMA promotion guidelines.

Today our people serve in a smaller, more technologically oriented, survivable force. This is a force



which will continue to require high caliber professionals as the foundation upon which all else is built. To this end, the Naval Services remain committed to recruiting and retaining our Nation's best and brightest men and women. High quality recruits mean better performance and less attrition, and they improve unit readiness. They are also a wise investment simply because they are far more productive throughout the duration of their service. As a priority matter, we will maintain our standards because we recognize the false economy of doing otherwise.

The most recent DoD *Youth Attitude Tracking Survey* (YATS) and the USMC *Awareness and Attitude Study* reveal pertinent data about current recruiting challenges. Advertising awareness is at its lowest level since 1992 for the Navy, and 1989 for the Marine Corps. This is possibly a result of the deep reductions which have occurred in advertising funding since FY 90. The number of young Americans describing themselves as simply "not interested" in military service has increased significantly; yet four out of five of those surveyed have a favorable opinion of the military in general. Among prospects, almost half still feel that the military is hiring less due to defense cuts and base closures. Declining interest in military service is especially pronounced as unemployment rates have dropped. With the growth of peacekeeping operations, they also sense an uncertainty about the future role of the military. The Marine Corps Study also revealed that fully 30 percent felt that the value and prestige of the military has declined. As a result, pressures on our recruiting program and recruiters have grown.

Both the Navy and the Marine Corps achieved their FY 94 quality and quantity accession goals. However, indicative of continuing difficulties, each of the Services missed their FY 94 Delayed Entry Program (DEP) contract goals. Significantly, this is only the second time the Navy missed its annual contracting goal since the inception of the All Volunteer Force and only the first time the Marine Corps has fallen short since before FY 80. This trend has continued through the beginning of FY 95. Missed DEP contracting goals create a predicament. To continue meeting accession requirements the Navy and Marine Corps must rely more heavily on recruiting from the tough direct market. We are forced to rely on



finding enough qualified prospects willing to immediately commence Active duty. We must also rebuild the DEP pools to gird for the higher recruiting missions expected in FY 96 and FY 97. As compared with FY 94, Navy and Marine Corps requirements increase by 7.5 and 9 percent respectively in FY 96, and by 14 percent respectively in FY 97.

Elevated accession requirements, however, account for only part of the expanded workload facing our recruiting community. The National Voter Registration Act of 1993 places an additional administrative burden on our recruiting offices, forcing them to act as voter registration agencies. Modifying this law to exempt recruiters from these responsibilities would be helpful.

To help solve our recruiting dilemma, we are looking to recruit from the broadest possible pool of eligible recruits. Projections indicate that by the turn of the century, our society will include 12 percent African-Americans, 12 percent Hispanics, and 5 percent Asian-Pacific Islanders. Our Nation's growing racial and ethnic diversity highlights the need to imple-

ment recruiting strategies which will help make our officer and enlisted ranks reflect that diversity. As the demographics of American society change, our commitment to attract recruits from all areas of society requires a wider focus and a range of new initiatives. We are pursuing ways to do so; by the year 2000 we intend to reach minority representation in our Navy and Marine Corps officer and enlisted accessions that is reflective of American society. We are on track for attaining these unprecedented goals.

Women represent another enormous resource for helping solve our shortfall of high-quality recruits. We are aiming at eliminating gender barriers which have restricted our ability to match our best quality recruits with our needs. More than ninety percent of all career fields are now open to women in the Navy and Marine Corps. The Navy recruits in a gender neutral manner and the Marine Corps is also increasing opportunities for woman. From FY 94 to FY 99, our plans call for Marine Corps female accession requirements to rise by 80 percent.

The Navy's firm commitment and rapid implementation of an expanded women-at-sea policy has already produced significant, visible career improvements for women. Women now serve in all Naval Mobile Construction Battalions. Nine combatant ships embarked women in FY 94. Twenty-eight more combatant vessels, from AEGIS destroyers to nuclear-powered aircraft carriers, will be modified to embark women over the next two years. At the end of FY 94 approximately 8,000 officer and enlisted women were serving in ships. Over 900 women now serve in carrier airwings and aboard combatants. Of particular note, two Navy F/A-18 fighter pilots became the first women to fly combat missions while enforcing the no-fly zone over southern Iraq this past fall.

We have other reasons for optimism. Recruiting difficulties are gaining attention and Congress has been supportive of our needs. By congressional testimony and the Deputy Secretary of Defense's Senior Panel on Recruiting, talk of difficulties has emerged from the confinement of recruiting offices. As a result, the Navy and Marine Corps along with the other Services benefited from: (1) elimination of a previously required 10 percent reduction in recruiters; (2) a FY 95 budgetary plus-up for recruiting and advertising

programs; and (3) authorization for a stateside cost of living allowance (COLA). The stateside COLA will help our Navy and Marine recruiters (as well as other Servicemen and women, and their families) cope with living in high-cost areas. Moreover, between now and FY 00 the size of the youth population will begin to grow steadily. Most importantly, the American people continue to value what the Navy and Marine Corps represent. With their support and a sustained level of advertising and other recruiting resources, the Navy and Marine Corps will continue to attract sufficient numbers of high quality young Americans willing to serve their country as Sailors and Marines.

## **QUALITY OF LIFE PROGRAMS**

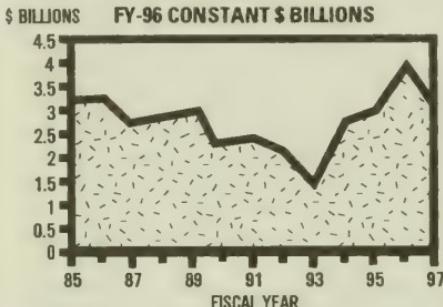
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The Department of the Navy is committed to providing the best possible quality of life for our Servicemembers and their families. We remain acutely aware that it is critical to the readiness and well being of our forces. Meeting the expectations of our Sailors and Marines, and their families, is vital to garnering their full commitment and productivity and we are determined to do so. When individual and family needs are met, our Sailors and Marines can devote their total energy to military duties without unnecessary distraction over the care of their families. Firm support provided by the Secretary of Defense for quality of life funding increases will yield enhancements in MWR, child care, family and bachelor housing programs, a CONUS COLA and higher quarters allowances (BAQ).

The Department supports personnel and family readiness through a myriad of programs— family and bachelor housing; compensation; health care; and community support programs such as Morale, Welfare and Recreation (MWR), child care programs and family service centers. Programs aimed at prevention and deterrence of family violence have received increased emphasis. In addition, demands for voluntary off duty education programs have steadily increased over the past decade as commanders and personnel have recognized the many benefits of increased educational achievement. These programs are especially effective, yielding enormous returns out of all proportion to the actual dollars spent.

Bachelor and family housing continue to be priority quality of life issues. The Navy's "Neighborhoods of Excellence" program and the Marine Corps "Housing Campaign Plan" provide a long-term blueprint for revitalizing housing and optimizing housing investments. These programs will not correct all problems overnight, but are structured to systematically attack the backlog of repairs required to bring housing up to the standards we expect for our people. We will continue to work closely with community leaders in the design and development of these projects. We are also working to develop limited partnerships with private developers to build housing for our people under new authority provided in last year's Authorization Act.

#### MILITARY CONSTRUCTION/ FAMILY HOUSING



The Naples overseas housing initiative is a vital component of our commitment to improve the quality of life of our Navy families. The Navy, in close coordination with Congress, has developed a plan to significantly improve essential living conditions in Naples. We are relocating operational facilities to Capodichino through military construction. We are also ready to award a lease-construct contract for a Family Support Complex that will provide safe upgraded housing, schools, community facilities and a reliable supply of potable water. With continued Congressional support we can bring this vitally important quality of life program to fruition.

The Department's legislative package for the 104th Congress includes three important initiatives that are important to quality of life and essential to achieving

equity in compensation and entitlements. The first proposal is to authorize BAQ for our single E-6 petty officers on sea duty. This initiative will substantially improve the quality of life for a senior group of enlisted people and remove a long standing inequity in the treatment of these career shipboard members in comparison with other Servicemembers assigned ashore of equal paygrade and time-in-service. A second proposal will amend the language authorizing Family Separation Allowance (FSA II) to ensure continued entitlement for members embarked on board a ship (away from homeport) or on temporary duty (away from permanent duty station) for 30 consecutive days, whose family members voluntarily chose not to accompany the Servicemember to the homeport or permanent duty station. The third pay proposal would authorize continuous sea pay for all Sailors serving on repair ships homeported in CONUS or overseas. This initiative recognizes the arduousness of assignment on a tender as comparable to other Navy ships which qualify for continuous sea pay.

#### MEDICAL

Health care is vital to servicemembers and their families. Ensuring ready access to quality medical care for our beneficiary population remains a DoD priority. Working closely with the Assistant Secretary of Defense for Health Affairs and the other Service Surgeons General, the Department is moving forward establishing TRICARE regional managed care support contracts. Under the umbrella of managed care we are building bridges with our current internal/external partnership and coordinated care contracts. A managed health care network is being developed using multiple alternatives for delivering high quality cost-effective care to all our beneficiaries. TRICARE contracts create a partnership between military and civilian sources of care and thus create a seamless medical system for our beneficiaries while controlling costs and improving access. Where the Navy is the lead agent in Portsmouth and San Diego, these comprehensive TRICARE contracts will be in place by the end of 1997.

The Navy is forward deployed and globally distributed; wherever Navy or Marine Corps personnel are deployed, Navy Medical Department personnel are there to support them. Navy Medicine now stands

uniquely ready to meet future operational challenges. We are reconfiguring our Fleet Hospitals into more flexible, modularized units that can respond to unpredictable threats. Incremental staff plans are available for the hospital ships and capabilities of our Casualty Receiving and Treatment Ships have been improved. Fleet Marine Force medical units are adjusting to new medical doctrine with the proper equipment and transportation assets, enabling the units to operate effectively in future, highly mobile battlefields.

Three significant health policy changes have been instituted in support of increased assignments of women to shipboard and operational billets. First, the Authorized Medical Allowance Lists (AMALs), our list of approved supplies, equipment, and drugs to carry in shipboard inventories, have been updated to reflect the needs of servicewomen. Secondly, obstetrics and gynecology (OB/GYN) training has been instituted for health care providers working aboard ships and in our clinics. Finally, medical research efforts have been initiated to focus on women assigned to ships to ensure we fully understand and will be equipped to provide for their specific health requirements.

This past year we also deployed tele-radiology services with the Fleet and in the field. This development markedly reduces the need for costly medical evaluations and unnecessary precautionary evacuations. As a result, it has already improved the quality, responsiveness, and cost-effectiveness of the care we provide to Sailors and Marines in an operational environment.

We recognize the health benefits associated with environmental remediation and pollution prevention and are making major strides to improve in this area. Our partnership with the Agency for Toxic Substances and Disease Registry shows promise for identifying environmental and health risks to our forces so that corrective action may be incorporated into our pollution prevention and cleanup efforts.

Naval Reserve medical personnel have been better integrated into their gaining commands and drill sites. In addition to training for mobilization, reservists are providing patient care during drill periods to supple-

ment other providers and improve access to care. These medical professionals are able to provide direct support to servicemembers and their dependents by providing outpatient surgery programs, women's health clinics and same-day availability. A centralized credentials review and privileging system for reserve providers is in place to decrease credentialing actions and allow almost immediate use of reserve medical support.

## **SAFETY**

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This was another record safe year for the Navy and Marine Corps. Reductions of safety-related incidents were recorded in nearly every category despite an unprecedented operating tempo. For example, we had only half as many Class A aviation mishaps this year as in 1993; personnel fatalities dropped from 309 to 210; and operational fatalities were reduced by 63 percent. New operational safety equipment and programs, including improved afloat and ashore safety training, will sustain this decrease in losses and associated costs. The Department's aggressive efforts reflect our unwavering commitment to saving lives and preserving irreplaceable assets.

New initiatives to make the Department safer include teaching and applying rigorous principles of risk assessment and risk management, technological improvements such as aircraft Ground Proximity Warning Systems, and continued emphasis on human factors. The Department is absolutely committed to making the Navy and Marine Corps even safer. The support provided by the Congress in this area—especially protecting operations and maintenance funding—directly corresponds to a safer Department and protects the lives of the men and women in the force. Our goal is zero mishaps and zero fatalities; any injury or loss of life is unacceptable. Challenges, like further reductions in Navy/Marine Corps Class A flight mishaps or off duty motor vehicle fatalities, remain but we are committed to doing even better.



**FY 94 Department of the Navy Mishap Summary**  
 (Number of Class A\* Mishaps and Fatalities)

	Class A Aviation (incl. Flight related & ground)		Fatalities					
			Operational		Motor Veh		Other	
	FY 93	FY 94	FY 93	FY 94	FY 93	FY 94	FY 93	FY 94
Navy	40	20	49	23	116	86	36	29
USMC	18	9	44	11	48	43	16	18

\* Class A Mishap = Total cost of reportable damage is \$1M or more; a DoD aircraft or missile is destroyed; or an injury or illness results in a fatality or permanent total disability.

### III. READINESS

Our FY 96/97 budget is designed to support a Department of the Navy program that preserves our readiness. Well-trained people, operating modern, well-maintained equipment are the cornerstone of the Navy-Marine Corps Team. Readiness is ultimately the foundation for maintaining the credibility of our forces as an instrument of foreign policy and national resolve. Today, our Navy and Marine Corps are ready to go in harm's way to defend American interests, though our forces are stretched. Future readiness depends on developing the right forces, and attracting and retaining the right personnel.

Since readiness can be difficult to fully measure, we have created a new assessment mechanism to better evaluate our ability to execute assigned roles, functions and missions. Readiness is primarily a function of personnel, material condition of hardware and facilities, supply, and training. We formally assess: people and equipment which directly support the operations and training of our operating forces (ships, squadrons, Fleet Marine Forces, operational staffs); Operating Tempo accounts (fuel, steaming days, aviation flight hours); maintenance (depot, intermediate, and organizational level, and munitions maintenance); spare parts (initial, outfitting, and replenishment parts); prepositioning and surge capability (amphibious equipment, Fleet Hospital program, Coast Guard support, Maritime Prepositioning Force); combat support/munitions (Construction Battalions, diving/salvage, Explosives Ordnance Disposal, range support equipment, service-wide transportation); and installations (industrial facilities). The Operations and

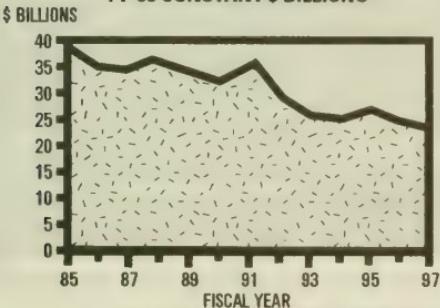
Maintenance (O&M) appropriations are the primary source of readiness funding. Our challenge has been to balance force structure reductions with smaller O&M funding while still retaining a high level of readiness for the remaining forces. The readiness charts we have included in this Posture Statement summarize readiness in various functional areas. These charts indicate that today's readiness remains high.

Readiness is our number one priority, and people are the key to readiness. Today, we enjoy the finest personnel quality in Navy and Marine Corps history. The All Volunteer Force, supported by past investments in compensation and quality of life programs, is successfully providing a mature, highly motivated blend of the right number of people and the right mix of skills.

That said, we are increasingly concerned about potential readiness problems. The pace and immense cost of supporting unanticipated contingencies and commitments hinder our efforts to stay ready. The cost of the numerous crises detailed earlier in this report ran into the hundreds of millions of dollars last year—far more than anticipated and budgeted. By their very nature, emergent contingency operations are unpredictable in scope and duration, and do not allow for totally clear advance planning and budgeting.

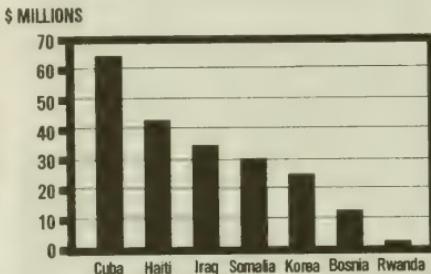
The money to support a far higher tempo of overseas operations than previously expected is being diverted from other pressing needs in our budget. For example, in FY 94, our total shortfall due to contingency operations was \$387 million. This shortfall was partially corrected by receipt of \$124 million in supplemental funding from Congress and \$56 million from the Defense Emergency Relief Fund. To cover the remaining \$207 million shortfall we had to take the following actions: defer ship supply and equipment purchases; defer ship inactivations; ground aircraft just returned from deployments; reduce flying hours for selected aviation squadrons; defer depot and intermediate level maintenance on ships; and postpone real property maintenance and other needed infrastructure investments. This emphasizes the importance of receiving timely supplemental funding when contingency operations occur. Repeated un-

**OPERATIONS AND MAINTENANCE  
FY-96 CONSTANT \$ BILLIONS**



programmed operations without subsequent compensatory funding will compromise combat readiness and damage our future military capabilities.

### UNCOMPENSATED CONTINGENCY-DRIVEN SHORTFALLS



These reprogramming came directly out of funds used to maintain Fleet readiness. Last year we sought and received Congressional approval for reprogramming to cover shortfalls caused by unplanned contingencies. This year we are again seeking expedited approval of reprogramming requests as well as emergency supplemental appropriations to avoid the impacts on readiness these continuing requirements would otherwise have on our operating accounts. While we expect to recoup some of the actual dollars lost through supplemental appropriations, we are rarely able to fully recoup lost training opportunities.

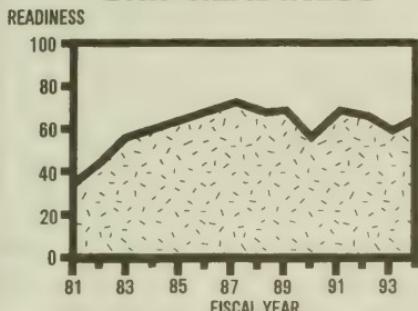
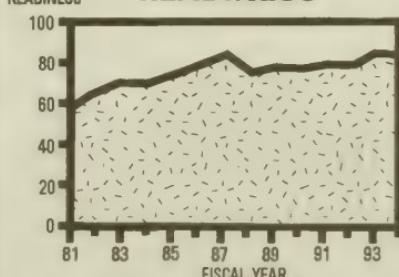
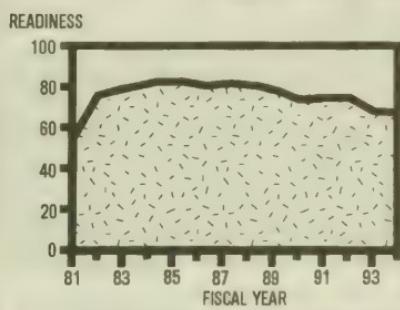
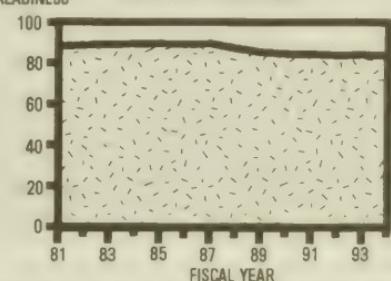
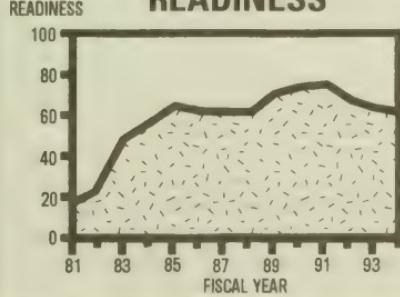
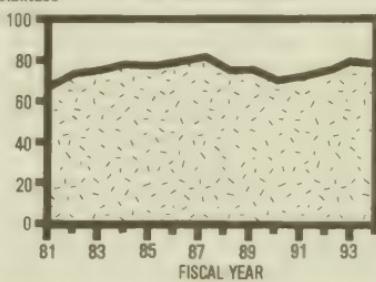
In an effort to address these types of year-end shortfalls, the Secretary of Defense has proposed legislation, as part of the FY 96 Budget request, that would mitigate the impact of unfinanced contingency operations on end-of-the-year Service readiness. The proposal calls for "Readiness Preservation Authority," which would be made available only in the last half of the fiscal year, and which would only be used for direct readiness activities such as unit training. We strongly urge favorable consideration of this initiative as a vital step in maintaining the critical readiness which our forces require in this uncertain security environment.

Heavy demand for our forces this year indicates that

our previously programmed force requires modest adjustment to meet levels of operations actually being experienced. We need to make these adjustments in order to avoid excessive PERSTEMPO. We are paying particularly close attention to our surface combatant force and amphibious lift capacity. This year we have planned to retain additional FFG 7s. To put this modest change to our surface combatant force in perspective, in 1987 we had a force high of 218 ships; we are now programmed for 126 in FY 96; 116 Active and ten Reserve. We are also placing two LSTs in the Naval Reserve. In accordance with the Defense Planning, our LST plan permits us to continue meeting our fiscally constrained goal of 2.5 MEB equivalents. This modest increase in force structure, resulting in a Fleet of about 350 ships, will better enable us to carry out expected tasking.

Future preparedness also received increased attention during the year as we continued to modernize to meet the national security requirements of the 21st century. Future readiness is facilitated by correctly sizing the force. We recognize that a force that is either too big or too old drains our resources and causes too much effort to sustain. A force that is too small places too many demands on people and equipment—it wears them down to a level that puts readiness at risk. While we are clearly committed to being smaller and more modern than the Navy and Marine Corps of the 1980s, there is a break point where capability will soon not be able to replace lost structure. During 1994, 76 ships were decommissioned and 282 aircraft retired. Maintaining a force that is sized correctly to meet our obligations requires close scrutiny, and we are providing that on a continuing basis.



**SHIP READINESS****USMC FIXED WING  
READINESS****SUBMARINE READINESS****USMC GROUND EQUIPMENT  
READINESS****NAVY AVIATION  
READINESS****USMC ROTARY WING  
READINESS**

## IV. TECHNOLOGY



As we rightsize our naval forces to meet today's mission needs, we must continue modernizing weapons, systems, and platforms. Maintaining the technological superiority we now hold over potential adversaries is absolutely critical for success with the smaller force towards which we are moving.

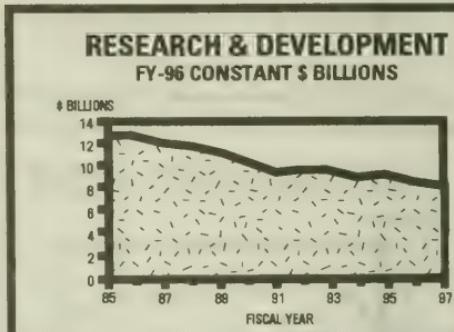
### **OUR TECHNOLOGY PLAN**

Operating in the littoral environment demands that naval weapon systems and equipment be survivable, suited to joint operations, and able to support maneuver warfare from the sea. New threats and missions defined by littoral warfare mandate improvements in a wide range of capabilities. Examples include: strike operations, Theater Ballistic Missile Defense, Ship's Self Defense, Cooperative Engagement Capability, Naval Surface Fire Support, surveillance, communications, sealift, amphibious lift, and mine countermeasures. Therefore, programs such as the F/A-18E/F, Flight IIA DDG 51, the New Attack Submarine, V-22, AAAV, and the JAST program have been designed to meet the mission needs we now see in an affordable manner.

Just as the capabilities of today's naval forces are the direct result of past science and technology successes, the quality of our future naval forces is contingent upon current investments. The Department's modernization strategy is based on fielding technologically superior forces. In our commitment to improve the Department's Science and Technology program,

we have integrated technology development, from scientific research through prototyping. We have focused our efforts to rapidly insert affordable new capabilities into acquisition programs.

The Department's technology plan supports modernization by focusing on three major areas: advance technology insertion, affordability, and commercially available technology.



We are pursuing advanced technology insertion in both current and new acquisition programs. Recognizing that scarce resources will not support development of many new systems, we are updating our most capable and relevant weapons systems, platforms and equipment by fully exploiting the most promising technologies available in the marketplace. The F/A-18E/F program is an example of how we have leveraged our prior investment in an existing weapons system—the F/A-18C/D, with new technologies to meet emerging requirements. We are remanufacturing a number of AV-8B aircraft to provide the Marine Corps with a highly effective day/night close air support capability. Advanced technology insertion is fundamental to all of our efforts to maintain our technological edge.

Affordability is being considered at every step—from basic research and development through transition of technology to our acquisition programs. By working closely with our partners in industry, through innovative efforts such as Advanced Concept Technology Demonstrations and the Manufacturing Technology program, we are proving new concepts while mitigating technical and production risks before com-



mitting to full scale development. Because only the most promising technological opportunities are considered, we anticipate weapons system development at realistic costs. Advanced Concept Technology Demonstrations also offer the prospect of reducing the time required to field new systems by leveraging technologies developed in the private sector.

In view of reductions in defense procurement, we can no longer afford to routinely maintain defense science, technology, and industrial bases separate from the private sector. Therefore, we are pursuing two broad strategies. The first uses "spin on" technologies—commercially available technologies that can be adapted for military use. By maximizing the use of Commercial Off the Shelf (COTS) and Non Developmental Items (NDI), we benefit from technology that has already been developed for civilian use

and can thus reduce cycle times and overall program costs. The E-2C Hawkeye carrier airborne warning and control aircraft mission computer upgrade is an excellent example of such a program.

Our other strategy employs "spin off" military technologies that also have commercial application. The Global Positioning System (GPS) is one example of a technology originally developed for military navigation, but which has many civilian uses as well. Another example of "spin-off" technology offering a significant potential payoff for our economy is the innovative tiltrotor technology at the heart of the V-22 Osprey. By producing the V-22 at home and not abroad, jobs will be created to satisfy anticipated domestic and international demand for this new aircraft. Through programs such as Manufacturing Technology (MANTECH), Navy-Industry Coopera-

tive Research and Development Agreements (CRDAs), and patents that transfer Navy-developed technologies to the commercial sector, we are building mutually beneficial partnerships with industry. Our technology investments also include environmental efforts such as technologies that help manage plastic waste or destroy other solid waste in an environmentally benign manner. These efforts will aid both the Navy and civilian ships by helping avoid the unnecessary discharge of these materials into the oceans.

### **MODELING AND SIMULATION**

The Department of the Navy is aggressively expanding and refining its use of Modeling and Simulation (M&S) and is participating in cooperative M&S developments with the other Services, OSD, Joint Staff, industry and academia. These efforts include wargame design, joint M&S working groups, and common M&S data base development. Growth towards achieving the full potential and implementation of M&S systems and data in the Department is being strengthened through the Department of the Navy Modeling and Simulation Management Office (DONMSO), responsible directly to the Under Secretary of the Navy. Future technical and policy efforts will include: development of a joint high-level architecture for Modeling and Simulation; oversight and maintenance of a model repository; development and implementation of Verification, Validation, and Accreditation (VV&A) procedures; and provision of technical assistance to model users and developers.

The newly formed Navy Modeling and Simulation Management Office (NMSMO) is developing a Master Plan and Investment Strategy to provide centralized coordination within the Navy M&S community. Specific efforts being pursued include: support of joint and naval exercises which innovatively use M&S technologies for Fleet, staff, and individual training; and review of resource expenditures on new Modeling and Simulation developments. The Marine Corps Modeling and Simulation Management Office (MCMSMO) continues to expand on the Commandant's M&S Master Plan through the development of a detailed M&S investment strategy. The Marine Corps is further pursuing a cooperative development with the Army's National Training Center to incorporate individual Marines and their weapon

systems into a virtual reality training environment.

By expanding existing capabilities and exploiting emerging technologies, the Department is using M&S to support all phases and milestone decisions of the acquisition process. For example, in conjunction with ARPA, Navy shipbuilding and weapon programs are leveraging M&S to reduce-risk and design costs. To minimize costly fabrication, both the New SSN and LPD 17 programs are using computer-aided design, computer-aided manufacturing, common databases, and virtual prototyping to create electronic mockups that integrate engineering and production functions. The Joint Advanced Strike Technology (JAST) program is also using extensive simulation in the definition of joint Service requirements and assessment of high payoff technologies. Additionally, combat systems programs such as Theater Air Defense are using distributed simulation to evaluate weapon effectiveness in complex environmental conditions.

The Department of the Navy also gained invaluable experience with distributive interactive training exercises this year. The Marine Corps is working directly with the ARPA Synthetic Theater of War (STOW) effort at the Marine Corps Air Ground Combat Center in Twenty-nine Palms, California. Navy and Marine Corps units linked virtual and constructive simulations with live maneuvers in the joint Synthetic Theater of War-Europe (STOW-E) training demonstration. This world-wide exercise provided joint training in command, control and communications intensive situations and allowed for tactical team building.



## V. EFFICIENCY

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### PROCESS REFORM

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#### QUALITY

Spearheading process reforms within the Department of the Navy is Total Quality Leadership (TQL), a management approach adopted in 1989. Navy and Marine Corps commands are using TQL principles and tools in their daily operations to bring down costs and increase productivity.

The Department received wide recognition this past year for its quality initiatives. For example, the Federal Quality Institute described the Department as the world's largest quality organization. In recognition of our efforts over the past two years, the Department has received over 15 major quality awards. The most notable of these was the Presidential Award for Quality, presented to the Naval Air Systems Command. Winning this award reaffirms that the Department's approach is meeting the highest standards set for industry.

#### REFORM INITIATIVES

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In furtherance of *The National Performance Review* (NPR) objectives to radically change the way government operates, the Department of the Navy has undertaken several major initiatives. These include waiver authority delegation, cycle time reductions, acquisition reform and the Reinvention Laboratory Program.

The waiver authority delegation initiative encourages the process of elimination of unnecessary and burdensome restrictions on operational commands. The cycle time reduction initiative will create shorter turnaround times on all time-driven processes so as to create savings that can be applied to enhance readiness. Acquisition reform has been embedded in the procurement process by the establishment of the Deputy Under Secretary of Defense for Acquisition Reform. The Reinvention Laboratory Program employs the key principles of the NPR to cut red tape and begin experimenting with new and innovative ways of doing business. This bold initiative is in place at eighteen activities to date. We are reengineering key management processes so that the taxpayer will receive the best defense for their investment.

In addition to these efforts, the Department had several notable success stories. We began integration of Navy and Marine Corps tactical air wings. As a result of this effort to manage TACAIR as a Department of the Navy asset, the requirement to stand up five additional strike/fighter squadrons was eliminated at a cost avoidance of approximately \$700 million over the period of the FYDP. We are also decreasing costs by closure of three naval shipyards and three aviation depots determined to be in excess by BRAC 91 and 93. Once closure is complete, we will have reduced three of six of our aviation depots and three of eight of our naval shipyards to better align capacity with need.

We have successfully pursued an inventory strategy that has significantly reduced spare part inventories while continuing to support operational readiness. We have achieved a 39 percent inventory reduction from 1989 through 1993 through the following initiatives: elimination of CONUS-based intermediate level inventories; application of our new Readiness Based Sparing program that optimizes spare part allowances; refinement of retention and disposal policies; and sound positioning of spares at the waterfront. In addition to reducing inventories, Navy's Asset Visibility Program, winner of the 1994 Defense Superior Management Award, has afforded us greater control and visibility of inventory assets, saving us over \$190 million. We continue to leverage the trade-off among inventory, transportation and weapon systems availability as a key to our inventory strategy.

#### ACQUISITION REFORM

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Acquisition reform is focused on both reducing cost and making the acquisition process more responsive to rapidly changing technology. Our initiatives in this area are grounded on three fundamental principles: advanced technology insertion, incorporation of "best commercial practices," and cost reduction. Today's most advanced technologies, notably computer and communications systems, are most likely to be found in the private sector. The Department's focus is to insert commercially developed technology into our acquisition programs early. Doing so permits cost avoidance and allows us to benefit from access to the most advanced technology available. Best commercial practices are being applied in all of our procurement programs to affordably acquire sys-

tem performance, quality, and reliability. Initiatives such as Integrated Product and Process Development are steps in this direction. Cost reduction initiatives are also incorporated in every phase of the acquisition process. Process cost reduction is crucial to our ability to modernize with smaller budgets. We achieve significant reductions in cost through value engineering, streamlining our infrastructure, and expanding the use of Modeling and Simulation.

The key to sustained improvement and long-term success in acquisition reform is twofold: (1) training and education of the acquisition workforce, and (2) cultural change. To achieve both of these aims, the Department of the Navy has established an Acquisition Professional Community of highly skilled military and civilian personnel who are changing the culture of how we do business in acquisition. We have enhanced certification requirements in the majority of the Department's acquisition career fields to ensure that our 30,000 workforce members are provided the most up-to-date training needed to do their jobs. We are also continuing to provide tuition assistance to the workforce to assist in funding education requirements.

In FY 94, the Department provided acquisition training to over 8,500 military and civilian personnel, an increase of nearly 50 percent over the number trained in FY 93, and representing over \$1.2 million in tuition assistance. Anticipating future requirements, we have initiated significant changes to our intern program which will ensure that the Department of the Navy has a cadre of acquisition professionals suited for conducting business well into the 21st century.

#### **BASE REALIGNMENT AND CLOSURE (BRAC)**

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Our program seeks profound reductions to excess infrastructure. We have requested over \$3 billion in FY 96/97 to accomplish our base closure program. We are in the process of responsibly implementing the decisions of BRAC 88, 91, and 93. In these rounds of base closure and realignment, 98 bases and activities were designated for closure and 38 bases/activities for realignment. Of these we have already accomplished 49 closures and 11 realignments. At-

tempts to implement previous BRAC rounds have been hindered by underfunded appropriations. This restricts our ability to close facilities in a timely manner and delays expected savings, which in turn jeopardizes our ability to modernize our forces. It also delays returning these facilities to productive civilian use. We are sensitive to the impact that base closure has on communities that have hosted our forces. We are committed to effectively close and realign bases in a timely fashion by working closely with affected communities in support of their base reuse plan.

In the coming months the 1995 Base Realignment and Closure Commission will conclude its deliberations. Key elements of the BRAC 95 process included the mandate to treat all bases equally, to base all decisions on the approved Force Structure Plan and DoD selection criteria, and to ensure that only certified data will be used in the decision making process. We established procedures to scrupulously follow these ground rules. We have anticipated considerable savings from this round of closures, but if this process is delayed or full funding is not received, the savings we have projected will not be realized. The Department of the Navy will realize \$1.9B per year in savings from earlier BRAC rounds. It is absolutely vital that we stay the course; we must make the needed cuts to excess infrastructure in BRAC 95 in order to balance our base and force structure.

The bases and installations that we retain after the BRAC process are more important than ever. They facilitate readiness; they are where our Sailors and Marines perform needed maintenance and repair on ships, aircraft and other weapon systems, and support operational training. Our bases also contribute to overall morale, and thus readiness, by providing housing, social, recreational, religious, and other opportunities for Sailors and Marines and their families. Properly maintaining our bases is an important contributor to combat readiness.

#### **ENVIRONMENTAL STEWARDSHIP**

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Our environmental programs are designed to ensure continued access and use of our bases and training ranges, and the surrounding land, water and air space. Without access to these resources, we cannot train our personnel individually or in units, test the perfor-

mance of existing weapon systems, or develop new capabilities to meet future threats. During major training operations we are sensitive to the impacts on endangered species, critical habitat, marine mammals, wetlands, wildlife refuges, and marine sanctuaries. However, at an even more fundamental level, we recognize that loss of access to these areas due to a breach of environmental standards, or failure to balance military needs with natural resource preservation efforts, would have a profound and immediate impact on our military readiness.

The Department of the Navy takes steps necessary to ensure that our operations comply with all applicable environmental laws, and to the extent practicable, promotes environmental objectives in tandem with naval operations. To achieve these objectives, the Department has developed a plan that includes budgeting and funding for environmental programs, providing sufficient numbers of qualified, well-trained people to work environmental issues, implementing a comprehensive environmental training program for military and civilian personnel, and establishing excellent communications and outreach programs to foster good community relationships at our installations.

The Navy and Marine Corps have initiatives underway to improve our environmental and natural resource responsiveness. Our programs for cleanup of contamination from past activities, compliance with environmental requirements, conservation and protection of natural and cultural resources, and pollution prevention technology and process improvements match the best programs found in the private sector. Our outreach efforts to Federal regulators, state and local governments and environmental groups are educating us and earning new understandings with old and new partners in environmental protection. We are continuing the environmental clean up Kaho'olawe Island, a former weapons range in the Hawaiian Islands.

The Navy also demonstrated its concern for the marine environment during the recent underwater explosive shock testing of USS JOHN PAUL JONES (DDG 53). Working closely with biologists from the National Marine Fisheries Service, the Navy employed a sonobuoy detection array and conducted

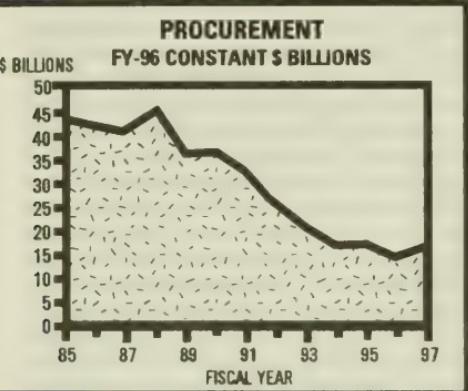
aerial surveillance of the at-sea test area prior to detonating the underwater explosive charges. The results of this effort were impressive. Not one marine mammal was killed or injured during the shock trial.

Our shipboard environmental program is a crucial effort for us to meet existing environmental standards and maintain operational flexibility. The Department is actively working to create an environmentally sound ship that can operate anywhere in the world and comply with environmental standards without undue reliance on support facilities. We lead an inter-agency effort to develop uniform national discharge standards for DoD vessels that would standardize state and local regulations and give us a single goal to meet. Our compliance, conservation, and pollution prevention programs are integral portions of our Operations and Maintenance funds. We are particularly proud of our pollution prevention efforts, and consider them an investment which will pay us back through reduced material procurement costs and lower waste disposal costs. While we have already achieved a 51 per cent reduction in hazardous waste disposal over the last five years, the President's Executive Orders 12856 and 12873 both open new opportunities to prevent pollution, use recycled products, and be a good neighbor to the environment and the communities in which we live and work.



## VI. OUR PROGRAMS

As discussed in the opening of this Posture Statement, naval forces contribute to national security throughout the full spectrum of operations— peacetime, crisis response, and war. In this final section we will provide an operational framework for how we plan to employ naval forces, and a more detailed description of specific elements of our program.



### OPERATIONAL FRAMEWORK

The key to future warfighting is our ability to successfully conduct and sustain power projection operations. The Naval Service provides many power projection options for joint strike. Among the most important of these are: precise or "smart" munitions delivered from sea based aircraft; "dumb" munitions delivered from "smart" aircraft; and a range of nearly precise air-delivered "competent" munitions, all of which yield increased precision at lower costs. Another of our power projection options are potent Marine Air-Ground Task Force (MAGTF) combat assault packages. Finally, our power projection options include the distributed strike available from increasingly versatile surface and submarine-launched Tomahawk Land Attack Missiles (TLAM), and longer range guns with precision projectiles.

With regard to tactical air capability, naval aviation sortie generation rate is critical for early success in combat and plays an enabling role in preparing the arrival of heavy, land-based Services. The unique value of having an aircraft carrier in international

waters, where there are no sovereignty constraints, is undisputed. Eleven active and one operational reserve aircraft carriers are essential to implementing our national strategy. We have undertaken several new approaches to increase the numbers of sorties from our carriers and expedite closure of expeditionary airfields, to include augmentation of crews during periods of heightened tension. We are also proceeding with a one-ship enhancement to our Maritime Pre-positioning Force, as authorized and appropriated by Congress. This enhancement will transport, among other assets, an expeditionary airfield, to a crisis area for early introduction of Marine Corps tactical aviation ashore. Most importantly, we are conducting joint exercises around the world to demonstrate these capabilities.

Power projection is also significantly enhanced by such standoff weapons systems as: Block IV Tomahawk, Standoff Land Attack Missile (SLAM), Joint Direct Attack Munitions (JDAM), and the Joint Standoff Weapon (JSOW). We are completing plans necessary to rapidly improve our Naval Surface Fire Support (NSFS) capabilities and thus be able to strike from our surface combatants at targets with unparalleled precision and lethality.

Employing the concept of *Operational Maneuver From The Sea*, and tactical maneuverability within the battlespace, the Marine Corps, with the addition of the V-22 Osprey tiltrotor aircraft and Advanced Amphibious Assault Vehicles (AAAV), will have an unprecedented capability for power projection with less vulnerability to emerging threat systems. With these critical replacements for aging systems in place, we will be able to maneuver combat forces over far larger distances and in less time than is currently possible. Added to the current capabilities of our Air Cushioned Landing Craft (LCAC), this new operational reach will revolutionize forcible entry operations from the sea. Acquisition of the V-22 is a Department of the Navy priority program, and the Marine Corps highest priority service acquisition. Following repeated rigorous assessment, we have determined the V-22 is the best alternative to meet the medium lift needs of the Marine Corps. The AAAV will replace the current AAV7A1 with a state of the art amphibious assault vehicle that fulfills the surface mobility needs of the Marine Corps. The

next generation of technology represented by the AAAV will allow naval expeditionary forces to eliminate the battlefield mobility gap. For the first time in the history of naval warfare, we will directly link maneuver of ships with landing force maneuver ashore into a single, seamless fabric giving both sufficient battlespace for maneuver, surprise and protection.

Sea-based Theater Ballistic Missile Defense (TBMD) systems will provide early cover for force insertion. Our TBMD plan will use AEGIS surface combatants for area defense (lower tier) and, if approved, theater-wide missile intercept missions. Marine improvements to the Hawk system will provide a ground-based, lower tier capability. Our plans will be developed in strict compliance with the provisions of the ABM Treaty. These layered defenses will provide early on scene air defenses that can intercept theater ballistic missiles, high performance aircraft, and cruise missiles including those armed with nuclear, biological, or chemical warheads. Naval TBMD responds to fundamental national defense concerns which require protection of our own, our allies' and our coalition partner's forces.

To do all of this, we are implementing plans to seamlessly link improved surveillance and C4I information systems with new strike capabilities. We are pursuing cost effective initiatives to better enable our ships to share tactical information with each other and with joint forces ashore. Our most promising initiative in this field is the Cooperative Engagement Capability (CEC). Highly successful surface to air missile firings conducted to test this system last summer exceeded our expectations. This new ability will allow our ships and forces ashore to share sensor information and thus more effectively engage hostile forces not held by the firing ship. We have programmed for an accelerated installation of this force-multiplying capability.

We are continuing to rapidly install improved self-defense systems on amphibious ships, destroyers and frigates to ensure they can better defend themselves against rapidly proliferating sea-skimming, Anti-Ship Cruise Missiles (ASCMs). Similarly, we continue to pursue shallow water anti-submarine and countermeasures initiatives.

Attack submarines continue to play a key role con-

ducting covert precursor surveillance of the battlespace. Their ability to sweep ahead of naval expeditionary forces underpins naval dominance of the littoral. Their unmatched ability to seek out and destroy potential surface and subsurface adversaries, strike capabilities and flexibility hosting Special Operations forces makes them principal assets to the Joint Forces Commander. Our plans to procure the third SEAWOLF and the follow-on New Attack Submarine will ensure we maintain these critical capabilities well into the next century.

#### **ELEMENTS OF OUR PROGRAM**

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To successfully operate in the manner that we have described, we are developing an array of programs designed to provide National Command Authorities the optimum tools for a wide spectrum of missions. The Navy-Marine Corps team has carefully blended the right mix of capabilities to carry out these missions. Among the programs developed are:

**Aircraft Carriers:** Our force of eleven active and one operational reserve aircraft carriers form the centerpiece for our global power projection capability. In addition to their strike firepower, they serve as mobile nodes of our world-wide command and control network. This year we let the contract for CVN 76. This will provide the nation our tenth nuclear-powered aircraft carrier and is an investment which guarantees security benefits beyond the midpoint of the next century. The Nation's force of highly mobile, sovereign, fixed-wing sea bases proves daily its unique flexibility, sustainability, readiness, and combat power as it provides presence and rapid crisis response throughout the world's troubled littoral regions.

**F/A-18 Hornet:** The F/A-18 Hornet is the backbone of naval strike aviation. We seek funding for 12 F/A-18C/D aircraft in FY 96. Procurement of 12 F/A-18C/Ds in FY 96 permits the orderly transition to Low Rate Initial Production of an improved strike-fighter, the F/A-18E/F, in FY 97. This improved version builds on the proven technology of earlier models. In particular, the F/A-18E/F will have greater payload flexibility, an increased capability to return to the carrier with unexpended ordnance, room for growth and enhanced survivability features. It will increase our capability to conduct night strike war-

fare, close air support, fighter escort, air interdiction, and fleet and landing force air defense. The F/A-18E/F will also compliment the future aircraft evolved from the JAST concept, and provide the majority of strike-fighter assets on aircraft carriers. It is critical to our overall modernization plans that this system receive full support and funding from Congress.

**F-14 Upgrade:** We intend to further improve our carrier airwing multi-mission capabilities, including close air support, by upgrading 251 F-14 air superiority fighters with a precision ground attack system. This will increase the total number of multi-mission, precision strike capable aircraft in today's carrier air wings—a key step as we restructure for warfare in littoral areas.

**AV-8B Remanufacture:** The remanufacture of the AV-8B Day Attack Harrier to the AV-8B Radar/Night Attack Harrier configuration will increase the multimission capabilities of this proven aircraft in the role of Offensive Air Support. This program greatly increases the Harrier's night, reduced visibility, and under the weather capabilities for close air support as well as enhancing the air defense capability of Amphibious Ready Groups. This program also enhances the combat agility and survivability of the aircraft through configuration standardization and safety enhancements. The AV-8B Remanufacture program provides modern aircraft to ensure maximum availability of precision weapons and sensors in support of Marine expeditionary forces.

ing future strike aircraft weapons systems for the Navy, Air Force, and Marines. The key focus of the program is affordability—reducing the life cycle cost of follow-on strike aircraft development and production programs. The JAST program does this by facilitating development of fully validated, affordable operational requirements, and investing in and demonstrating the key leveraging technologies developed by the Science and Technology community. This serves to lower risk and cost, while increasing commonality in our next generation strike systems. The program will lead to a joint Engineering and Manufacturing Development (E&MD) program for a family of strike aircraft systems which meet the range of service requirements. In addition, the Advanced Research Project Agency's Advanced Short Takeoff/Vertical Landing (ASTOVL) effort has been fully integrated into the JAST program.

**Expeditionary Air Support:** Essential to the sustainment of our expeditionary assets are both the Marine Aviation Logistics Support Program (MALSP) and the Expeditionary Airfield 2000 (EAF 2000). MALSP is a structured but flexible method of organizing, deploying, and employing Marine aviation logistics capabilities. Incorporation of the International Maritime Satellite (INMARSAT) has improved the responsiveness of MALSP with the ability to accommodate the timely reordering of aircraft parts from anywhere in the world. The EAF 2000 program provides the means to construct an airfield at an austere site with a 3850 foot runway, associated taxi-ways, arresting gear, lighting, and parking for 75 tactical and 4 transport aircraft. An EAF 2000 can be operational within days.

**Air-to-Ground Weapons Programs:** The three most significant joint air-to-ground weapons development initiatives are the Joint Standoff Weapon (JSOW), Joint Direct Attack Munitions (JDAM) and Standoff Land Attack Missile Expanded Response (SLAM-ER). JSOW is a Navy-led program with the Air Force that will provide an air-to-ground standoff attack capability against a variety of targets during day, night and adverse weather conditions. JDAM, an Air Force-led program, will develop adverse weather guidance kits and multi-function fusing for general purpose bombs. Recent Cancellation of the Tri-Service Standoff Attack Missile (TSSAM) pro-



**Joint Advanced Strike Technology (JAST):** The Joint Advanced Strike Technology program serves as the Department of Defense's focal point for defin-

gram has put an urgent requirement on the SLAM-ER program to meet Department of the Navy's near term requirements. SLAM-ER modifies the original SLAM, yielding nearly double the range, increased penetration of hardened targets, increased data link control range and enhanced missile survivability. It will meet the Department's near term requirement for a Standoff Outside Area Defenses (SOAD) precision air-to-ground weapon.



**Air-to-Air Weapons Programs:** Foremost among our air-to-air weapons programs is a SIDEWINDER upgrade (AIM-9X). AIM-9X, a Navy-led program with the Air Force, is an evolutionary development to provide an improved seeker and more maneuverable airframe. The Departments of the Navy and Air Force are also working closely together on the development and production of improved versions of the Advanced Medium Range Air-to-Air Missile (AIM-120). The improved AIM-9X and AIM-120 are being defined in a total systems approach to avoid unnecessary duplication in capability and to assist in overall affordability of air-to-air weapons.

The close working relationship between Services on these weapons includes coordination of basic technology projects that feed umbrella programs. We will continue to seek opportunities to develop all weapons systems jointly and thus responsibly execute our budget authority while meeting national defense needs.

**Amphibious Lift:** Naval amphibious forces remain the Nation's only self-sustainable forcible entry capability. These forces will enable further introduc-

tion of military forces when required. To transport, provide presence, and deploy highly capable Marine expeditionary forces effectively, the Department is modernizing and tailoring its amphibious forces to provide an over-the-horizon launch capability. The capability of 12 Amphibious Ready Groups (ARGs) meets forward presence requirements. Vital to this capability is the continued modernization of the Navy's amphibious shipping.

The Department of the Navy's plan provides amphibious lift for 2.5 Marine Expeditionary Brigade (MEB) equivalents, in accordance with Defense Planning The goal is met through a combination of Active, Reserve and Ready Reserve Fleet assets. It is our assessment that a degradation of our Active Fleet vehicle lift capability, one of the five parameters which define amphibious lift capability, continues to be an acceptable risk through innovative use of LSTs and LKAs in the Naval and Military Sealift Command Reserve Force. Long-term shortfalls in Active Fleet ship lift will improve with the introduction of the new LPD 17 class, programmed to begin in FY 98. With first delivery in FY 04, LPD 17 will replace the aging LPD, LKA, LST, and LSD 36 class ships. The commissioning of the twelfth LPD 17 in 2010 will bring amphibious lift by Active Fleet ships to 2.5 MEB equivalents. The Department has programmed for funding a seventh LHD in FY 01. We also plan for delivery of four LSD 49 class ships over the next five years. Because of the age of our amphibious force, it is critical that these programs not be delayed. Our program is carefully crafted to assure satisfying our Active Fleet goal of 2.5 MEB lift equivalents at the earliest feasible date; any slip in new ship procurement could delay attainment to beyond 2010.



**V-22 Osprey:** Effective application of *Operational Maneuver From The Sea* requires the capability to

project forces deep inland from positions over the horizon and to maneuver effectively within the established battlespace. This will vastly complicate an opponent's defensive problem and substantially reduce friendly losses. To realize this capability, we must replace the existing fleet of slow, aging medium lift helicopters, comprised of the Vietnam era CH-46E, and the over two decades-old CH-53D. We will do this with the V-22, which will serve as the backbone of the Marine Corps assault support force well into the 21st century. In FY 97 we will begin Low Rate Initial Production on the first lot of V-22s for the Marine Corps. This aircraft will provide a quantum improvement in mobility and tactical flexibility, complementing the revolutionary technology incorporated in the Advanced Amphibious Assault Vehicle and permitting unprecedented maneuver by amphibious forces. The V-22 is the Department's highest aviation priority for the Marine Corps.

**Advanced Amphibious Assault Vehicle (AAAV):** The AAAV will provide the Marine Corps with its primary means of armor protected ship-to-shore movement, and further movement with other ground combat vehicles ashore. Currently in the concept exploration and definition phase of the acquisition process, it is envisioned as a companion to the V-22 within the *Operational Maneuver From The Sea* concept. The AAAV is designed for high speed transit ashore from vessels standing well out to sea. It will also permit embarked troops to maneuver deep inland in a single, seamless stroke against the depth of the enemy's defenses. When it replaces the then 30 year-old AAV7A1, the AAAV will provide the Marine Corps with one of the most versatile, capable weapons systems in the world. It will materially enhance our ability to project decisive combat power ashore, as well as to maneuver ashore effectively using protected vehicles.

#### **ARLEIGH BURKE-Class Destroyer (DDG 51):**

Our joint strike capability is significantly strengthened by the introduction of our newest version of the ARLEIGH BURKE-Class Guided Missile Destroyer. Acquisition of this state-of-the-art warship is critical to the Navy modernization plan. Continued acquisition of the approved total ship program is required to support surface combatant force levels and multi-mission capabilities essential in littoral warfare. The



most survivable surface combatant built in the world, the DDG 51 operates offensively and defensively in multi-threat environments. It plays an integral part in power projection and strike missions through its land-attack cruise missile capability. It also provides battle space dominance and area defense for Carrier Battle Groups, Surface Action Groups, Amphibious Ready Groups and joint expeditionary forces. The AEGIS-equipped destroyers we have requested this year will incorporate essential warfighting improvements including improved surface to air missiles (SM2 Block IV), embarked helicopters, the Cooperative Engagement Capability, Joint Tactical Information Distribution System, and Theater Ballistic Missile Defense potential.

**Theater Ballistic Missile Defense (TBMD):** In response to the Joint Requirements Oversight Council-approved Theater Missile Defense Mission Needs Statement, and to meet an urgent national requirement, we are pursuing development of a Sea Based TBMD capability. The Navy *Area* TBMD capability is critical to support littoral warfare. Navy is developing an *Area* capability to be fielded in FY 97. It will provide the Nation's only forcible entry capability in the face of TBM attack. The Navy *Theater Wide* TBMD is equally important and will provide defense-in-depth over an entire theater of operations, in places of vital interest defended by U.S. forces and our allies. Advantages of Navy TBMD over other alternatives include: the ability to operate independent of foreign sovereignty constraints; frees up airlift resources in the critical early days of conflict (cur-

rently dedicated to support ground-based TBMD assets); dramatic cost effectiveness by leveraging existing AEGIS Cruiser and Destroyer capabilities and engineering base. Navy Area TBMD is fully compliant with the ABM treaty. Navy Theater TBMD is in the process of initial Treaty Compliance Review and is expected to be compliant.

**Naval Surface Fire Support (NSFS):** NSFS is the coordinated use of sea-based weapon systems to provide offensive support to the maneuver commander ashore. During the early phases of the amphibious assault, NSFS substitutes for Landing Force organic artillery. Once organic artillery is operational ashore, NSFS will complement the fire power available from artillery and close air support. The Navy-Marine Corps Team has embarked on an aggressive development program to significantly improve range and lethality of our surface fire support capability prior to 2001. The program plan includes improvements to existing MK45 five inch guns and propellants to achieve increased range, and development of gun-launched guided projectiles for increased range and improved effectiveness. Additionally, we are conducting shipboard firing tests of ATACMs, SLAM, and STANDARD missiles to evaluate future employment of fast reaction missile systems in support of forces ashore.



**SEAWOLF-Class Attack Submarine (SSN 21):** The third SEAWOLF-class submarine (SSN 23) represents a quantum leap in quieting, speed, and weapons payload which enable it to effectively counter the increasing numbers of quiet nuclear and diesel

submarines which may challenge our Navy. SEAWOLF is a multi-mission platform which combines absolute superiority in acoustic stealth with state of the art sensors and weapons systems, enabling it to project power ashore while dominating the undersea and surface battlespace. A significant portion of SSN 23 procurement costs have already been spent on long lead items, resulting in remaining costs roughly equal to those of one of our most modern SSN 688I LOS ANGELES-class submarines. As the production bridge to the more affordable New Attack Submarine (New SSN), SSN 23 represents the linchpin in our submarine construction strategy. Repeated studies conclusively demonstrate that production of the SSN 23 provides the most economical method of preserving a national capability to design and build nuclear submarines, while also providing the nation with a necessary warfighting capability for the future. Production of the third SEAWOLF at the Groton, Connecticut shipyard will also mitigate the risk to the submarine industrial base by maintaining two nuclear construction shipyards. Procurement of SSN 23 in FY 96, followed by New SSN construction start in FY 98, will minimize the risk to our submarine industrial base and contribute to our long term force structure requirement for attack submarines.

**New Attack Submarine (New SSN):** The New Attack Submarine has been specifically designed to support our strategic concept *Forward...From the Sea*. Designed to dominate in the littoral areas, it also retains the capability to counter open ocean threats, providing the Joint Task Force Commander with substantial flexibility. By capitalizing on SEAWOLF technologies and innovative design, we are able to produce the New SSN at a cost significantly lower than SEAWOLF. Taking full advantage of state-of-the-art technology and manufacturing techniques, New SSN will enjoy unparalleled flexibility and room for growth to adapt to future missions and threats. New SSN will be a multi-mission platform designed with advanced acoustic and electromagnetic stealth to dominate the undersea and surface battlespace. Able to counter the littoral diesel and mine threats, it will also be capable of striking targets ashore with either cruise missiles or Special Operations Forces launched using equipment integral to the ship. Improved communications and electronic surveillance equipment will provide the Joint Task

Force Commander with real-time battlefield intelligence. The ability of this platform to operate forward of the rest of the Joint Task Force in areas of hostile aircraft, cruise missiles, submarines and mines will minimize potential U.S. losses of aircraft and other seaborne forces.

**Tomahawk Baseline Improvement Program (TBIP):** The core strike capability provided by modern surface combatants and attack submarines is the ability to launch precision strikes with Tomahawk Land Attack Missiles (TLAM). Our budget request seeks to fund the TBIP program to increase system responsiveness, flexibility, accuracy and reliability. This improved Tomahawk will be able to attack an even wider target set, with both greater reliability and reduced possibility of collateral damage.



**P-3C Orion:** The P-3C Sustained Readiness Program (SRP) ensures operational availability of existing 247 aircraft, extending operational service life from thirty years to aircraft fatigue life, approximately thirty-eight years. The Anti-Surface Warfare Improvement Program (AIP) enhances the Orion's capability to support both autonomous missions and joint battle group operations in the littoral. Improvements will allow the P-3C to collect, correlate, and confirm tactical data and transmit information back to the Joint Task Force Commander in near real time. This program additionally enhances the combat capability of Orion, by providing a short range air to surface weapon capability.

**Mine Warfare:** Mine warfare, to include both offensive mining and defensive mine countermeasures, is a key program of the Navy-Marine Corps Team particularly as our focus has shifted from blue water operations to expeditionary operations along the world's littorals. As seen in Operation DESERT STORM, the threat of sea mines is very real and becoming more acute as potential adversaries acquire an inventory of lethal modern mines. When combined with large stockpiles of older, though still effective sea mines, this threat poses an even greater challenge. Our ability to counter this mine threat is improving as modern mine countermeasures programs such as the MCM 1 and MHC 51 class vessels complete introduction. Other systems in our program which will improve our capability are the AQS-20 mine hunting sonar, SQQ-32 mine hunting system, Submarine High Frequency Sonar, Near Term Mine Reconnaissance System (NMRS) Unmanned Underwater Vehicles (UUV), and Remote Mine hunting System (RMS). The top mine warfare priority for the future is development of a clandestine mine surveillance, reconnaissance, and detection capability.

**Unmanned Undersea Vehicles (UUV):** The characterization of the battle space includes mine reconnaissance, surveillance, intelligence collection and tactical oceanography. To meet these needs, particularly those associated with mine warfare, we are developing the unmanned undersea vehicle. The Near-term Mine Reconnaissance System (NMRS) program was initiated to provide limited clandestine mine reconnaissance from LOS ANGELES-class submarines. To meet the Navy's long-term goal for a greatly improved clandestine minefield reconnaissance and avoidance system, the Long-term Mine Reconnaissance System (LMRS) is being developed. The LMRS UUV will be capable of rapid, thorough and accurate minefield reconnaissance and avoidance. Organic to the battle group, the role of LMRS will be to support the battle force by defining the scope and extent of enemy mining in any tactical situation, and to enhance the ability to conduct maneuver warfare from the sea by finding and exploiting gaps in the enemy's minefield.

Other UUV priority missions include undersea surveillance, intelligence collection operations (gathering information on ship types, movements, and ex-

ploitable characteristics) and tactical oceanography (in situ measurement of physical properties of the shallow water environment to update and improve the oceanographic database in coastal areas).

**Trident D-5 Missile:** This past year the Department of Defense reassessed the Nation's strategic deterrent posture in a comprehensive *Nuclear Posture Review*. This review called for sea based forces to assume a dominant position. We remain optimistic over the prospects for full implementation of the START II agreement, and confident that the survivability, flexibility and capability of the Nation's remaining Strategic Triad will be sufficient to deter potential foes of the United States. Fourteen OHIO-class submarines equipped with the Trident D-5 missile will be retained in the force. Four of these will have been upgraded to this powerful system.

**Joint Maritime Command Information System (JMCIS) Strategy:** The capability to develop a fused, real-time tactical picture—and share that picture throughout our forces is an absolute necessity in modern, joint operations. The JMCIS strategy is our most important initiative to do so. Under JMCIS, the Navy Tactical Command System Afloat (NTCS-A) and the Operational Support System (OSS) will process, display and share intelligence and sensor information from national, theater, and organic sources with all units and commanders to allow software and data integration with other Service capabilities. The Marine Corps deployable Intelligence Analysis System (IAS) and Tactical Combat Operations (TCO) workstations will be completely interoperable with JMCIS and the Global Command and Control System (GCCS) whether afloat or ashore. JMCIS is the Department's strategy to integrate naval C4I with GCCS standards.

**Strike Command, Control, Communications, Computers and Intelligence (C4I):** We are improving our strike-related Command, Control, Communications, Computer, and Intelligence systems through programs designed to establish more effective sensor-to-shooter links. Chief among these systems are the Cooperative Engagement Capability (CEC), Tactical Data Information Exchange System (TADIXS), Global Positioning System (GPS), the Afloat Planning System (APS), various advanced Electronic

Warfare Systems, the Fleet Satellite Communications system, Joint Tactical Information Distribution System (JTIDS), Multifunctional Information Distribution System (MIDS) and Tactical Aircraft Mission Planning System (TAMPS). In addition, programs that involve communication with allies on the battlefield, such as Identification Friend or Foe (IFF) show great promise for international collaborative development. The ability to detect, identify, and strike targets which can be easily hidden and rapidly employed is also critical to the targeting cycle. Representative systems include the SPY-1 radar, E-2C Hawkeye, TPS-59 radar, and BSY-1/QE2 combat system.

**Littoral C4I:** With the renewed likelihood of operations in the coastal environment, Littoral C4I has become a major focus of Navy-Marine Corps C4I efforts. In particular, amphibious and mine warfare operations are complicated military evolutions from a littoral C4I aspect. Operations must be coordinated with other Services and Allies, between fixed and mobile forces, both afloat and ashore. Connectivity and a common tactical picture must be maintained as forces move beyond the horizon or behind terrain. Representative programs include: JMCIS/MAGTF C4I/TCO integration, large-deck amphibious ship C4I upgrades, and modifications to USS INCHON to permit service as a Mine Warfare command ship.

**Intelligence:** This is the collection and analysis of information prior to, during, or after hostilities which provides an understanding of an adversary's capabilities and intentions. As disseminated to commanders, this knowledge of vulnerabilities, order of battle, defenses, command and control, strategy, tactics and concept of operations enables joint forces to maximize their chances of success while minimizing losses. To meet the need for properly trained intelligence personnel, we have formed three centers of Navy and Marine Corps intelligence and cryptologic training excellence. These centers not only provide unique naval training but host the Joint Task Force, Joint Targeting, Joint Intelligence Center and EW courses. Operators and intelligence specialists of all Services receive this training, just in time to assume key positions in joint warfighting commands. The Marine Corps is implementing an intelligence plan that sig-

nificantly increases intelligence manpower and improves training and career paths to enhance tactical intelligence support. Representative systems are detailed below:

**Cryptologic Carry-On Initiative:** This is our primary program to match new intelligence requirements with the latest commercial technology thus rapidly fielding compatible hardware. This will allow ships, submarines, aircraft and shore sites to focus on emerging tactical requirements through a central clearing house that reaches across programmatic lines. This initiative brings together and optimizes previously independent efforts. Other cooperative efforts include the successful advocacy of a national intelligence infrastructure that will greatly expand the coverage of areas, and targets, and support military operations. We also are moving forward to improve tactical intelligence collection using new high endurance unmanned platforms and through significant sensor improvements to our ships, submarines, and aircraft.

**Naval Warfare Tactical Data Base (NWTDB):** The foundation of any command and control system is its database. The Joint Staff has selected the NWTDB as the process model for the Global Command and Control System (GCCS). Already embedded in the Navy's Joint Maritime Command Information System (JMCIS), the NWTDB is the standard database for all military disciplines across all programmatic lines. Another significant information management improvement has been the creation of the first Naval Intelligence Doctrine (NDP-2) and the Naval Component Intelligence Tactics, Techniques, and Procedures (NCITTP) publication. These two capstone documents apply joint doctrine to naval intelligence during, peacetime, crises and wartime operations. The NCITTP (which will become Naval Warfare Publication 2-01 in October 1995) defines the joint architecture and will govern specific interactions with the Fleet.

**Joint Deployable Intelligence Support System (JDISS):** The introduction of JDISS has solved the largest portion of the intelligence interoperability problem -- not just for joint operations with U.S. forces, but also with NATO and the United Nations. Through JDISS, we now have a responsive and secure intelligence exchange between and among Intel-

ligence centers and operational commanders. We call this intelligence "smart-push" and "demand-pull." JDISS is also the Joint Staff-approved intelligence "window" on the GCCS. Already incorporated into the Navy's latest Joint Maritime Command Information System (JMCIS) installation, JDISS provides all joint and component commanders the ability to get the information they need, when they want it. In addition to the many JDISS applications, there is now a multi-media intelligence communication system to deliver comprehensive intelligence support.

**Joint Worldwide Intelligence Communications System:** The Joint Worldwide Intelligence Communications System (JWICS) is the core architecture for intelligence communications— providing video-teleconferencing and other applications at all levels from national-level decision makers to Unified Commanders to Joint Task Forces. Another development has been Intelink. Reaching IOC in December 1994, Intelink is the intelligence community's answer to the Internet. Using a variety of existing workstations, primarily JDISS, tactical commanders can now pull intelligence products from an easy-to-access bulletin board, using the same software tools found on the unclassified Internet.



**Communications Upgrades:** We are pursuing a number of communications architecture upgrades including expansion of the number of satellite communications channels available to our forces and increasing

the bandwidth and data rates of our communications systems. The Navy is placing an SHF capability on every carrier, amphibious flagship, and selected cruisers of the force. EHF terminals which operate with the new MILSTAR satellite are being installed on surface combatants and submarines to provide anti-jam, low intercept, joint warfare communication networks; and UHF satellite capabilities are being added to airborne early warning and maritime surveillance aircraft. Both the Navy and Marine Corps are working to standardize Demand Assigned Multiple Access (DAMA) SHF systems with other Services and further improve UHF DAMA. We are improving our ability to use digital information—particularly imagery and data base transfer information. For the Marine Corps, Initial Operational Capability (IOC) for the Single Channel Ground and Airborne Radio System (SINCGARS) was met this year. Fielding of this system will greatly enhance interoperability in joint and combined operations and will provide a quantum leap over existing radios of today.

**Tactical Data Transfer and Processing:** Data processors and links to other Service surveillance systems have also been given priority in our fiscal planning. For example, the Joint Tactical Information Distribution System (JTIDS) will provide a common joint data link, and will be incorporated into command and control systems such as the Marine Corps Advanced Tactical Air Command Center (ATACC). They will also be installed in our aircraft carriers, AEGIS cruisers and destroyers, amphibious command and control ships, E-2 Airborne Warning and Control, F-14, and F/A-18 E/F aircraft.

**Maritime Prepositioning Force (MPF):** Employment of the three Maritime Prepositioning Ship (MPS) Squadrons during Operations DESERT SHIELD/DESERT STORM decisively demonstrated the utility of these expeditionary assets to the Nation. Coupled with fly-in Marines, MPF provided the first substantial ground defense capability in theater and a margin of deterrence that discouraged Iraqis from continuing into Saudi Arabia. Further, MPS Squadrons provided sustainment for Army units in the first month of Operation DESERT SHIELD.

The three current MPS squadrons, composed of a total of thirteen ships, provide our Nation a geo-strategic

positioned capability. The relocation of MPS Squadron ONE, approved for FY 95, from the Atlantic Coast to the Mediterranean, will greatly improve force closure for the Unified Commanders in Chief. The addition of one ship in FY 95, as provided in the FY 95 Congressional appropriation, gives the MPF even greater effectiveness. The Department continues to review other enhancements to MPF.

**Navy Sealift:** The mission of the Strategic Sealift Force is to deploy and sustain U.S. military forces, wherever needed, through delivery of combat and combat support equipment, petroleum products and other supplies. The Navy has continued its commitment to maintaining a strong sealift force and increasing its capacity and readiness to deliver the war winning heavy combat equipment required to ensure success of our strategy. The Strategic Sealift Force assets support one or more of four operational deployment strategies; Prepositioning, Surge, Sustainment, Combat Medical Support as described below.

**Prepositioned Sealift:** Assets include the thirteen ships of the Maritime Prepositioned Force (MPF), eight Large Medium Speed Roll On/Roll Off (RO/RO) ships (LMSRs) currently under construction and twenty-one Service specific prepositioned ships. Increasing prepositioned sealift capacity was a principal recommendation of the 1992 Mobility Requirements Study (MRS). This was in large part due to the success of the MPF ships in rapidly delivering prepositioned combat and combat support equipment during Operations DESERT SHIELD/DESERT STORM. In response to the MRS recommendation, the Navy has aggressively pursued conversion and new construction of eight LMSRs for prepositioning of Army Heavy Combat Equipment. These LMSRs will begin delivery in FY 95 and when complete will provide an additional two million square feet of prepositioned combat equipment. The twenty-one Service specific ships, including barge-carrying ships, breakbulk ships, tankers, and RO/ROs are prepositioned with combat equipment, port equipment, base equipment, a fleet hospital, munitions and other supplies.

**Surge Sealift:** Assets include the eight Fast Sealift Ships (FSSs) and Ready Reserve Force (RRF) RO/ROs, as well as the shipping identified to support the

Assault Follow-On Echelon (AFOE) of an amphibious task force. The eight FSSs are capable of sustained speeds in excess of twenty-seven knots; they played a significant role in providing Army combat equipment during Operations DESERT SHIELD/DESERT STORM. These ships are maintained in a high material readiness condition complete with a cadre crew to ensure ability to arrive at ports of embarkation ready to load within four days. The MRS recommendations included purchase of thirty-six RO/ROs for the RRF to be maintained in a high readiness condition similar to that of the FSSs. Twenty-nine of these thirty-six additional RO/ROs have already been purchased and converted. Funding for two more ships has been provided in FY 95 and two to three more are programmed for purchase in FY 96. The Navy has recently assumed responsibility for funding these and the other RRF ships from Department of Transportation (DOT). Additionally, in response to an MRS recommendation, the Navy continues to program resources for the acquisition of eleven LMSRs to be delivered by FY 01. When de-

livered these ships will increase the sealift surge capacity by an additional three million square feet.

**Sustainment Sealift:** Assets include the remaining fifty-seven to sixty ships in FY 96 of the RRF comprised of dry cargo or breakbulk ships, tankers, troop ships and crane ships. These assets are maintained in varying readiness conditions as determined by U.S Transportation Command. With the transfer of RRF funding responsibility from the Department of Transportation to DoD, the Navy is committed to restoring the RRF to required readiness levels.

**Combat Medical Support:** The Navy maintains two Fleet Hospital ships with a 1000-bed medical treatment facility on each and 500-bed hospital on board prepositioned ships in the Indian Ocean. These ships are maintained in a high readiness status with civilian crews and military medical personnel permanently assigned. We are able to activate these ships to full operational status within five days.



## VII. CONCLUSION

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In 1994, naval forces were in action around the world. Across the entire spectrum of conflict, from peace-time exercises through combat, in full partnership with other Services, allies, and partners, the joint Navy-Marine Corps Team was heavily engaged. Numerous contingency actions in multiple regions of the world proved the value, flexibility, and combat readiness of our Nation's naval forces. As we look to 1995 and beyond, constrained resources will require us to reassess our program, making careful course corrections to take the department into the next century. Our assessments will account for changes to the security and economic environments, as well as further advances in technology. We are committed to maintaining the current combat readiness of our forces while taking care of our greatest asset—our sea-going Sailors and Marines. As we balance today's competing requirements placed on the Department of the Navy, we are mindful as well of tomorrow's challenges. We remain firmly focused on ensuring the Nation has a Navy and Marine Corps prepared to advance and defend America's national interests.

*Forward...From the Sea.*



The CHAIRMAN. Let's keep the Marines with the Navy as they are supposed to be. We will let General Fogelman clean up.

General Mundy, if you want to give us the benefit of your expertise.

#### **STATEMENT OF GEN. CARL MUNDY, JR., COMMANDANT, U.S. MARINE CORPS**

General MUNDY. I appreciate the opportunity to appear before the committee, Mr. Chairman, again. You have been very gracious in your comments to both General Sullivan and I. We appreciate that.

I think that I would echo his remarks in telling you that the privilege is the other way around. If you will permit me to be philosophical just for a couple of moments here.

I will tell you that one of the advantages that we, who sit here before you to testify, have over you is that we can look right straight through Mr. Chambliss at a plaque that is cast there that I am certain all of you have seen, but we get to refresh it each year.

That is, it makes the constitutional statement that it shall be within the power of the Congress to raise and support armies and to provide and maintain the Navy and to provide the rules for the governance thereof. Those are very powerful words. That is indeed an enduring role that you bear; that this Institution bears.

We are transients here. We are each here for a period of time, about 4 years. This institution has the focus, the strategic concept and is the reason that we have capable Armed Forces to fit the requirements of our national security on a continuing basis. I see Mr. Torkildsen. He and I have had this discussion before.

It was his affirmation to me that brought that point home, not necessarily to tutor you on at all, but rather to just offer as a statement of admiration that we who serve in uniform, or even the appointed officials that will come here before you to testify, while we attempt to be visionary and we attempt to look out in the future, we are people dealing with today's problems and dealing with the long-term really and a near-term focus.

You, this Institution, are the people that deal with the national security requirements of this Nation in the long term; truly in the long-term focus. So, those words are very meaningful. Again, they are powerful to us as we sit here before you.

If I may just for one other step, I would remind—to get to the point that I would leave with you as my final thesis. I think I would remind you that just this past weekend we recognized the 50th anniversary of World War II, commemorative battle, the battle for Iwo Jima.

That was the bloodiest and the toughest battle that the U.S. Marine Corps ever participated in. We were not alone in it. We speak a lot about jointness this day. We have discovered a new word. It has captured all of our fancy.

Indeed, I am reminded that Iwo Jima was preceded by 74 days of bombing attacks by the then Army Air Forces which came in hopefully to settle the island down before the landing forces came ashore.

There were 800 naval vessels, ships and landing craft that participated in that. Some of them cozened by sailors and some of them by coast guardsmen.

Army transportation units transported Marine artillery ashore. Marines landed in waves of assaulting divisions. So, indeed not half a century ago we were pretty joint about the business that we were engaged in. We have been ever since where that continues today.

Today would be D-plus-3 on Iwo Jima. History records that it was a cold day. The rains started. Air support had to lift because of the reduced visibility. The naval gunfire, which was offshore, was reduced.

We had at this point some 50,000 marines ashore. We had taken 4,500 casualties; 2,400 of those occurred on the first day of that battle.

On this day, the lead regiment in the attack, in that regiment, all three of the battalion commanders in that regiment fell at the head of their troops. Before the battle would end, 18 of the 27 infantry battalions would fall at the head of their troops.

Fifty kamikazes hit the fleet. The U.S.S. *Saratoga* was badly damaged. The *Bismarck-C*, another carrier, was sunk.

We indeed sit here on an historic day. This is the day that the 5th Marine Division established itself at the base of Mount Surabachi and it is tomorrow that a patrol from that division then would go to the top of Mount Surabachi and raise the American flag which we commemorated this past weekend.

Now, I tell you that I guess as a preface to say that there were many things classical about that. It was certainly from the standpoint of amphibious warfare. It was our biggest one from the standpoint of joint warfare. I think it manifested all of the things that we would want to see happen.

The fundamental point is this. When it came down to the final analysis in that battle as it has in other times in our history, just not of our Nation but of other nations, it is the people that make the difference and that win the victory for you.

It was eventually infantrymen with bayonets, and satchel charges, and handgrenades and flamethrowers that took the island of Iwo Jima at tremendous cost.

That is the only battle in the history of the Pacific war in which the casualties on our side were greater than the casualties on their side. The saving grace was that the island was seized for a very specific purpose.

That was to recover our returning bombers as they came back from the air campaign over the Japanese homeland. Eventually, some I think about 2,200, 2,300 super fortresses were able to come to rest on Iwo Jima with about 25,000 Air Force crewmen in them. So, there was an investment there.

Fundamentally, it comes down to after you have applied all of the technology, after you have sent in all of the support you can get there, it is the 18-, and the 19- and the 20-year-old American that eventually goes in and settles your battle for you. We must never lose sight of that.

In our fixation on technology and on things, we will talk here today a lot about things. We will talk about big things and very expensive things.

We must never lose sight of the fact that it makes no difference how sophisticated the thing is if you do not have the right person to operate it or the right people, the right frame of mind, the right level of training, the right quality of life, the right confidence; that the American people have confidence in them.

So, that is the essence again from your enduring charter to see to the security needs of this Nation. That would be my offering to you. Always be focused on the people. That is fundamentally important.

The corps is ready. Our business is readiness. We are ready as I think all of my service colleagues have spoken and will speak. Send us where you need today and we can accomplish what you need to be done. I do not have any reservation about that.

I do, as has been suggested to you before, have a budget that will fund current readiness during 1996. We can fight for you. We can operate. We can fly. We can do all of those things.

I am less confident in the not too distant future. Modernization has been mentioned. I think we tend to think of modernization in terms again of the big programs, of the big things that are out there.

For us, the V-22, but that is after the turn of the century before we will start seeing those; the replacement of our armored personnel carrier, the assault amphibious vehicle. That is after the turn of the century.

Those are research and development programs. They are vitally important to us. Right now, we also have to think in terms of some very fundamental things; sleeping bags, tents, trucks. How glamorous is that? Not very glamorous at all.

We are not buying enough of them to keep ourselves ready in the years that are not too distant, not too far away; training ammunition; that sort of thing.

I wish I could tell you that I am taking adequate care of your infrastructure; of the 15 small towns that we call Marine Corps bases that are where our people live, and our people train and that provide the supporting structure for the Marines.

I am not investing in the maintenance and repair of those facilities to the degree that I would like to be. We have shifted funds into the current budget to fund readiness today rather than those investments in the long term.

So again, my answer to you today if you ask me are you ready? Absolutely. Will we be ready tomorrow? Yes.

At some time in the future, unless we make these investments in our infrastructure and in the modernization and procurement, I am not certain that a successor of mine will be able to give you that same affirmation.

If I leave with a single concern, I would go back to the people focus and tell you that recruiting is not going well for us. This has been the first time, last year, 1994 was the first year in 14 in which we have missed recruiting goals.

We are shipping the people to recruit training that need to go. Our contracting, that is putting the young Americans into the de-

layed enlistment program, is going steadily downward. There are 22 percent more of the American youth today that say that they do not intend to join the military than there were 2 years ago.

College enrollment is up. That is good fundamentally for the Nation. It is at competition with our need for the young people of America. I have concerns about recruiting. I would ask that you first and foremost focus your attention on that as the years go by and ensure that we keep an effective recruiting structure out there to keep getting the right kinds of people.

Again, Mr. Chairman, I am perhaps overly long, but a little philosophical here this morning, but thank you for your time and for the privilege of being here again this morning.

The CHAIRMAN. Thank you. I think we need that; being philosophical sometime.

Linda, you must have inspired him. You have done well.  
General, you clean up.

**STATEMENT OF GEN. RONALD R. FOGLEMAN, CHIEF OF STAFF, U.S. AIR FORCE**

General FOGLEMAN. Thank you, Mr. Chairman, members of this committee. It is a great privilege to be here to represent the men and women of your U.S. Air Force.

I want to take a little bit of time to tell you what they are doing to support our national interest and the commanders in chief around the world.

As I do that though I would also like to tell you how much we appreciate the strong support that this committee has given to those serving in uniform.

I think it is appropriate that all of the service Chiefs are here together. Sitting together, we reflect the collective flavor of our Nation's military forces in action.

I would tell you that as we speak, nearly one in four Air Force active duty men and women are deployed or stationed beyond our shores.

This morning there are 10,320 men and women of the active, Reserve and Guard that are TDY. That is, they are other than at their permanent duty stations in support of contingency operations. Of that number, of that 10,000 over 10 percent are Guardsmen and reservists. So, we have worked hard to make sure that the total force effort is engaged.

We have over 2,000 airmen engaged in the Caribbean this morning. In southern Europe we are part of an international force. It includes Navy and allied flyers in Bosnia.

Meanwhile, in Africa we are a part of the joint team in United Shield protecting U.N. peacekeepers as they pull out of Somalia.

Finally, over Iraq we are maintaining an air occupation; an air occupation of a country with Navy, Marine, Army and allied aviators. That is how you save the lives of 17- and 18-year-olds. You do not allow them to become engaged in combat. You leverage what this Nation has to avoid that.

I think that that's a very item that is sometimes overlooked that folks are contributing around the world. Over all of these operations I am reminded that we also have made a tremendous investment, this Nation, in space and space forces.

It not only provides a constant umbrella so that we have situation awareness from the high ground around the world, but it also leverages the abilities of our ground forces, our naval forces with things like our global positioning satellite systems that help all of us with our precision guided munitions, with our navigation and location systems.

The first MILSTAR satellite has been operational since last fall. It supports the CINACOM [Commander-in-Chief, Atlantic Command] in Haiti throughout the Western Hemisphere for the first time in a contingency operation. All together our space-based assets provide critical global situation awareness, communications, weather and navigation support to all war fighters.

The Air Force that I described to you is a ready force. It is very ready. I can say this because as an institution we made some tough decisions over the past decade.

In 1990, the Air Force published a strategic vision document called Global Reach—Global Power. It outlined how the Air Force was going to contribute to the Nation's well-being, welfare and defense in the 1990's.

We began to restructure and reengineer the Air Force before these terms became kind of popular terms out there, if you will. We began a downsizing that resulted in going from 13 major air commands to 8. We eliminated entire levels of commands within the Air Force.

When we were given our force structure goals to achieve under Base Force and under the Bottom-Up Review we moved out smartly to do that. Not because we necessarily wanted to, but because we saw that if we did that we would, in the end, by not hanging on to force structure for the period of time that we could have, we could reinvest.

We could take that and invest it in the people and in readiness. This approach has freed up the funds for near-term readiness. That is why I say we are a ready force. Your support for the supplemental to reimburse the contingency operations that have been ongoing in late 1994 and into the beginning of this year is critical for us like it is for the other services.

We have nearly \$1 billion worth of that contingency money earmarked for the Air Force. While the Navy carriers were moving, the Air Force moved very rapidly with tanker forces to support their carrier operations. We moved our land base to air in there. We have stayed there as a part of Vigilant Warrior, as part of this air occupation of Iraq, that all of the services are involved in.

It continues to be critical for us that we get that money. At the same time that I talk about near-term readiness, I have the same concerns as my fellow service Chiefs about future readiness. Here, I am talking about modernization.

Today's modernization dollars is what buys tomorrow's relevant and capable force. We are working hard to preserve the essential modernization that we need. I would like to just focus on four key modernization programs.

First and foremost is I think the single biggest deficiency of the Department of Defense is in strategic lift. The Navy is addressing that through sealift. The Air Force is addressing that through air-lift.

This strategic lift that we have is a national asset. We are the only country in the world with this kind of capability. My previous job was CINCTRANS [Commander-in-Chief Transportation Command. I saw the influence that we could have by rapidly moving things like water purification plants from San Francisco to a place like Kigali.

It does not have much to do with war fighting, but it has a lot to do with national influence and no other nation can do it. We can do it because you have funded these things in the past.

We have to modernize our strategic lift. We are really in danger of losing this capability if we don't. The recent "Mobility Requirement Study" associated with the Bottom-Up Review identified a very real need for at least 120, C-17 equivalent aircraft.

It is important to note that during the initial weeks of any contingency, particularly the two largest war plans that we have, about 75 percent of the cargo that has got to be moved by air is oversized and out-sized.

These are things like Army helicopters, Patriot battalions, trucks, ATACM [Army Tactical Missile] systems. These can only fit in a C-5 or a C-17. So, we have got to field a new corps air lifter. It is not just of interest to the Air Force. It is something that the Nation's fighting forces need if we are going to have a less CONUS-based contingency force.

Looking at the mid-term, we need to update our bomber force. This Nation's bomber force gives our CINCs a tool that they can be employing while other forces are deploying. They need to do this with a combination of stand-off, direct attack weapons, cloister weapons.

Our B-2's, B-1's and B-52's will be able to deny the enemy a sanctuary of night and poor weather. With the improvements that we have made in munitions, we will not have 73 days of ineffective bombardment like we had at Iwo Jima.

We will be putting bombs underground where those bunkers are just like we did in Iraq. This is what 50 years has done for us with technology. This is an economy of force capability that the nation cannot allow to slip away from us. It is something that the CINCs need.

In the long term, we have got to provide this Nation's fighting forces with air superiority. Air superiority is something that is all pervasive. With it, anything is possible. Without it, nothing is possible.

For some reason, Americans have assumed that air superiority is a God-given right. It is not. There have been a lot of people for a lot of years that have worked to develop the systems, the employment concepts to make sure that American fighting men have not had to deal with a lack of air superiority since the Marines dealt with it on Guadalcanal in 1942 and the Army dealt with it at Kaserine Pass in 1943.

So, air superiority is something that we need. The key, I am convinced, to air superiority for the 21st century is the F-22; not because it is a fancy airplane that aviators can fly, but because it is a new approach to warfare; stealth technology, super cruise; all of these things that are economy of force kinds of things.

They are high-technology. They cost a lot of money. They will save a lot of lives. You do not want to put American fighting men and women on a battlefield without air superiority. We need to work this together. I do not think anybody would deny that.

The last modernization priority that I will talk about sort of spans the near, the mid and the long term. This has to do with space forces. The Air Force ends up managing about \$12 billion out of the \$13.5 billion worth of money spent in space.

We have 93 percent of all of the personnel that deal in the space area. We try to be good stewards of space because it is critical to all of the services. We approach space on a joint perspective.

We have got to have somebody in the lead to develop the expendable launch vehicles required to get satellites into space. We have got to give the war fighters the space support that they need.

The immediate beneficiaries of these systems, again, are the Air Force as well as the other services; things like MILSTAR's capability; things like the space-based IR [infrared] system so that we have this warning system around the world for all of the forces. We are committed to maintaining space assets to support joint teams.

Like the other service Chiefs, I will tell you that the foundation for the Air Force today and tomorrow is our people. When I talk about Air Force men and women, I will tell you, I find them to be highly trained and motivated, very dedicated.

Our Air Force of the 21st century is going to be lead by those who are in uniform today. We have got to keep the most talented with us. We have got to recruit the best and the brightest.

We have had a good year in recruiting. We traditionally do, but recruiting is becoming more and more difficult. It is harder and harder for our recruiters to keep the quality.

I know that the top three priorities of our Air Force men and women are that: First, they get fair compensation for what they do; second, they have safe affordable housing; and third, that they have quality health care.

In CINCTRANS, I did a lot of traveling around the world. I visited with forces from all of the services. Everywhere I met young men and women they would tell me that they were willing to go anywhere and do anything for this nation so long as: First, they felt that it was important; second, that what they were doing was appreciated; third, that it would be recognized; and fourth, that their families would be taken care of.

Mr. Chairman, it is a pleasure to be here to represent these young men and women. I look forward to working with you so that we can meet their requirements, so that we can continue to be a ready force. Thank you.

[The prepared statement of General Fogelman follows:]

JOINT  
STATEMENT OF

THE HONORABLE SHEILA E. WIDNALL  
SECRETARY OF THE AIR FORCE

AND

GENERAL RONALD R. FOGLEMAN  
CHIEF OF STAFF  
UNITED STATES AIR FORCE

AIR FORCE POSTURE

BEFORE

THE HOUSE NATIONAL SECURITY  
COMMITTEE

22 FEBRUARY 1995

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# BIOGRAPHY

UNITED STATES AIR FORCE

**Secretary of the Air Force  
Office of Public Affairs**  
Washington, D.C. 20330-1690

## GENERAL RONALD R. FOGLEMAN

General Ronald R. Fogelman is chief of staff of the U.S. Air Force, Washington, D.C. As chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipage of a combined active duty, Guard, Reserve and civilian force of more than 830,000 people serving at approximately 911 locations in the United States and overseas. As a member of the Joint Chiefs of Staff, he and the other service chiefs function as military advisers to the secretary of defense, National Security Council and the president.

The general graduated from the U.S. Air Force Academy in 1963. In early assignments he instructed student pilots, performed combat duty as a fighter pilot and high-speed forward air controller in Vietnam and Thailand, was a history instructor at the Air Force Academy, and conducted flight operations in Europe--including duty as an F-15 aircraft demonstration pilot for numerous international airshows. Most recently he has flown tanker and airlift aircraft. Over the past decade, he has commanded an Air Force wing and air division, directed Air Force programs at the Pentagon, and served as commander of the Pacific Air Forces' 7th Air Force, with added responsibility as deputy commander of U.S. Forces Korea, and commander of Korean and U.S. air components assigned under the Combined Forces Command. Prior to becoming chief of staff, he was commander in chief of the United States Transportation Command, and commander of the Air Force's Air Mobility Command.



General Fogelman and his wife, Miss Jane, have two sons.

### EDUCATION:

- 1963 Bachelor of science degree, U.S. Air Force Academy
- 1971 Master's degree in military history and political science, Duke University
- 1976 Army War College, Carlisle Barracks, Pa.

### ASSIGNMENTS:

1. June 1963 - September 1964, pilot training, 3576th Student Squadron, Vance Air Force Base, Okla.
2. September 1964 - May 1967, T-37 flight training instructor, 3575th Pilot Training Squadron, Vance Air Force Base, Okla.
3. May 1967 - December 1967, flight examiner, 3575th Pilot Training Wing, Vance Air Force Base, Okla.
4. December 1967 - June 1968, F-100 Combat Crew Training, Luke Air Force Base, Ariz.
5. June 1968 - December 1968, F-100 fighter pilot, 510th Tactical Fighter Squadron, Bien Hoa Air Base, South Vietnam
6. December 1968 - April 1969, Operation Commando Sabre F-100 forward air controller, 37th Tactical Fighter Wing, South Vietnam
7. April 1969 - September 1969, F-100 fighter pilot, 510th Tactical Fighter Squadron, Bien Hoa Air Base, South Vietnam
8. September 1969 - December 1970, student, history preparation for U.S. Air Force Academy instructor, Duke University, Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio.
9. December 1970 - April 1973, history instructor, U.S. Air Force Academy, Colo.

10. April 1973 - August 1974, F-4D/E flight commander, 421st Tactical Fighter Squadron, Udom Royal Thai Air Force Base, Thailand
11. August 1974 - July 1975, chief, rated officer career planning section, Headquarters Air Reserve Personnel Center, Lowry Air Force Base, Colo.
12. July 1975 - August 1976, student officer, U.S. Army War College, Carlisle Barracks, Pa.
13. August 1976 - February 1978, assistant deputy commander for operations, later, chief of the standardization and evaluation division, 36th Tactical Fighter Wing, Bitburg Air Base, West Germany
14. March 1978 - June 1979, deputy commander for operations, 32nd Tactical Fighter Squadron, Camp New Amsterdam, Netherlands
15. June 1979 - August 1981, chief, tactical forces division, directorate of programs, Headquarters U.S. Air Force, Washington, D.C.
16. August 1981 - June 1982, vice commander, 388th Tactical Fighter Wing, Hill Air Force Base, Utah
17. June 1982 - March 1983, director of fighter operations, deputy chief of staff, operations, Headquarters Tactical Air Command, Langley Air Force Base, Va.
18. March 1983 - August 1984, commander, 56th Tactical Training Wing, MacDill Air Force Base, Fla.
19. August 1984 - March 1986, commander, 836th Air Division, Davis-Monthan Air Force Base, Ariz.
20. March 1986 - January 1988, deputy director, programs and evaluation, Office of the Deputy Chief of Staff, programs and resources; chairman, Programs Review Council, Headquarters U.S. Air Force, Washington, D.C.
21. January 1988 - June 1990, director, programs and evaluation, and chairman, Air Staff Board, Headquarters U.S. Air Force, Washington, D.C.
22. July 1990 - August 1992, commander, 7th Air Force, deputy commander in chief, United Nations Command; deputy commander, U.S. Forces Korea; and commander, Republic of Korea/U.S. Air Component Command, Combined Forces Command, Osan Air Base, Korea
23. August 1992 - October 1994, CINCUSTRANSOM; commander, AMC, Scott Air Force Base, Ill.
24. October 1994 - present, chief of staff, Headquarters U.S. Air Force, Washington, D.C.

#### FLIGHT INFORMATION:

Rating: Command pilot, parachutist

Flight hours: More than 6,000

Aircraft flown: T-37, T-33, F-100, F-4, F-15, F-16, A-10, UH-1, C-21, C-141, C-5 and C-17

Pilot wings from: Republic of Korea

#### MAJOR AWARDS AND DECORATIONS:

Defense Distinguished Service Medal with oak leaf cluster  
 Distinguished Service Medal  
 Silver Star  
 Legion of Merit with oak leaf cluster  
 Distinguished Flying Cross with oak leaf cluster  
 Purple Heart  
 Mentorious Service Medal

Air Medal with 17 oak leaf clusters  
 Aerial Achievement Medal  
 Air Force Commendation Medal with two oak leaf clusters  
 Vietnam Service Medal with three service stars  
 Order of National Security Merit, Kooksun  
 Republic of Vietnam Gallantry Cross with Palm

#### OTHER ACHIEVEMENTS:

Fellow, Inter University Seminar on Armed Forces and Society  
 Member, Council on Foreign Relations, New York City  
 Lance Sijan Award for leadership

#### EFFECTIVE DATES OF PROMOTION:

Second Lieutenant	Jun 5, 1963	Colonel	Jan 1, 1980
First Lieutenant	Dec 5, 1964	Brigadier General	Oct 1, 1985
Captain	Mar 10, 1967	Major General	Feb 1, 1988
Major	Mar 1, 1971	Lieutenant General	Jul 1, 1990
Lieutenant Colonel	May 1, 1975	General	Sep 1, 1992

(Current as of November 1994)

**JOINT POSTURE HEARING STATEMENT  
OF  
SECRETARY WIDNALL AND GENERAL FOGLEMAN**

***Introduction***

Good morning, Mr. Chairman and Members of the Committee. We welcome this opportunity to discuss our continuing plans to shape the Air Force and to support our most valuable assets -- the men and women on America's Air Force team. We reduced our size smartly following the end of the Cold War, and as a result, our forces today are very ready -- despite our high operating tempo in support of the CINCs and our sister Services. We ask your support to ensure tomorrow's Air Force is equally prepared to meet the future security needs of our national strategy.

The United States Air Force remains the premier air and space force in the world and an essential contributor to our national security. Our mission is "to defend the United States through control and exploitation of air and space." Our guiding construct, *Global Reach -- Global Power*, defines five Air Force pillars supporting our nation's interests: building U.S. influence around the world, controlling the high ground of space, supplying rapid global mobility, providing versatile combat forces, and sustaining nuclear deterrence. These tasks have assumed heightened significance in the post-Cold War era. Air and space power provide an economical means for shaping the international environment through *Global Presence* and increasingly underwrite national capabilities to conduct decisive combat operations worldwide on short notice.

Since our birth in 1947, the Air Force has been an institution that thrives on change, but never so successfully as during the past few years. We've reduced our personnel by one third, fighter and ICBM forces by almost one half, and the bomber force by two thirds. Our budget is down by 40 percent from its Cold War high. During this period, the Air Force reinvented itself. We restructured from top-to-bottom,

consolidating major commands and giving people at all levels the necessary authority to control the resources required to accomplish new missions. We implemented life-cycle training processes in support of all USAF requirements. We reinvigorated our planning process and developed roadmaps across 40 mission areas to ensure we balance current readiness with modernization needs. Also, we strengthened readiness forecasting to ensure we remain poised to win future wars.

Finally, we have preserved and enhanced our Air Force culture. We paid special attention to our heritage as we drew down and preserved our most honored units. We've set new standards in improving how we treat people. Quality is no longer a revolution in the Air Force, but our *modus operandi*, a part of everything we do. And the Air Force is a team within a team. The Air Force team consists of active duty and civilian, guard and reserve, families and retirees. The bigger team includes soldiers, sailors, marines, airmen, Coast Guardsmen, and, of course, our warfighting CINCs. We evaluate all of our activities against the requirements of the joint warfighting commanders and the needs of our sister Services. The forward-leaning initiatives of past years have produced an Air Force that is simpler, more flexible, tougher, less expensive to operate, and focused on the tasks ahead.

But while our resources have diminished, demands for air and space power are increasing. We are ready now, but this trend suggests we may face bigger challenges in the coming decade than those we surmounted in the past. In a world defined by contingencies, we are focusing on three objectives to help guide us in these turbulent times:

- ***Maintain Combat Readiness***
- ***Shape Tomorrow's Air Force***
- ***Support Our People***

We have built our statement for the record and our budget submission around these three main themes. To set the stage for discussion of these areas, we'd like to first review how the Air Force role in promoting U.S. national security interests has evolved over the past year.

### ***Current Operations***

The dissolution of the Soviet Union has led to a dramatic rise in instability and unrest throughout much of the world. Our national security now depends upon a strategy to control or limit this instability by remaining engaged, but without benefit of as large a permanent presence overseas. *In short, we must increasingly depend upon forces that can project power rapidly and globally from the United States to influence events abroad.* The Air Force, with its *Global Presence*, is fully employed in support of this engagement strategy -- preparing to deter or defeat aggression, providing stability for the emergence of new democracies and peaceful resolution of conflicts, and conducting humanitarian operations.

While personnel strength has fallen by one-third across the force, and 50 percent overseas, the number of Air Force people on temporary duty overseas is up nearly four-fold since the Berlin Wall fell. Our *Global Reach* forces operated in nearly every country in the world this year. We've delivered 80,000 tons of relief supplies to Bosnia and 16,000 tons to Rwanda and Zaire. And Air Force mobility forces continue to support contingency operations and conduct humanitarian missions around the globe, including missions to Kobe, Japan, following the earthquake in January.

Our fighter components are also charting new territory. Almost 50 percent of our active duty fighter forces are continuously deployed overseas. These forces support alliances, promote stability, and provide sustained combat power on demand throughout

Europe, Asia, and the Middle East. We have flown over 16,000 sorties over Bosnia in support of Deny Flight/Provide Promise. In the Persian Gulf, we've flown more than three times as many missions since DESERT STORM as we did during the war itself. Not one day has gone by in the last four years where we didn't have aircraft and satellites over Iraq or its neighboring airspace. Within ten days of Saddam Hussein's provocation this past fall, 122 combat aircraft had augmented the 67 USAF aircraft already deployed, and we had flown 1,000 sorties in support of VIGILANT WARRIOR. To further demonstrate U.S. resolve, four CONUS-based bombers flew a non-stop power projection mission to deliver 55,000 pounds of bombs on target, on time, within audible range of Saddam's forces. As Secretary Perry said, "The Air Force has really deterred a war. When we deployed F-15s, F-16s and A-10s in large numbers, I think they got the message very quickly."

Expanding our foreign military interaction is another increasingly important vehicle for remaining engaged. Since 1993, Air Force security assistance personnel have worked in 101 countries to foster stability, sustain hope, and provide relief. Air Force training reached 4,900 international students in 1994. These students go on to serve their countries extremely well. In fact, 29 past graduates of our schools are now their nations' Air Force Chiefs of Staff. Our contacts with states of the former Soviet Union and those in Eastern Europe are also thriving. We've exercised with Russian, Polish, and Lithuanian militaries. We've sponsored CINC counterpart visits and base and unit exchanges. Thirteen U.S. states have formed partnerships with new nations as a result of our Air National Guard's "Building Bridges to America" program. Finally, our liaison teams in 12 nations provide expertise on everything from civil-military relations and development of military justice systems to chaplaincies. Through these contacts, we share our standards of how an apolitical military functions in a democratic society.

In response to the growing national requirements of engagement, the Air Force has reconceptualized "presence" -- what it is, why we do it, and how best to support joint

requirements. Our concept of presence includes *all* peacetime applications of military capability that promote U.S. influence -- regardless of Service. Correspondingly, the way we exert presence is changing. We are augmenting our reduced permanent presence overseas with information gathering systems linked to joint military capabilities that can be brought to bear either proactively or just-in-time. Our space and airborne collection platforms help provide global situational awareness. Sometimes this information, by itself, can promote U.S. influence. In other cases, information linked to forces that can react swiftly with the right mix of joint capabilities anywhere on the globe reduces the need for traditional physical presence. Our bomber force, for instance, can deliver incredible firepower anywhere on Earth in less than 20 hours. This is a capability would-be aggressors must reckon with.

Of course, permanent presence is still imperative in many areas. And even where it is not, we routinely verify our global commitments through deployments. But the United States *doesn't need and cannot afford* to be everywhere at once. We can exercise more influence in more places by providing assistance, assurance, or deterrence either periodically or on demand -- either through peaceful foreign military interaction, or through raw displays of lethal combat power. This approach allows for the most effective use of our air and space forces to help build U.S. influence jointly and globally, while controlling risks and minimizing costs.

### **MAINTAIN COMBAT READINESS**

As important as engagement is, however, *combat readiness is our foremost priority*. In those cases where aggressors are undeterred, today's Air Force is combat ready to fight and win the nation's wars as the essential air and space component of a joint team. We smartly managed our resources in past years and made tough decisions

early on to keep a combat ready Air Force that is smaller, but with planned enhancements, becoming more powerful than ever before. We have the requisite force structure to support joint force commanders in accomplishing their missions. Careful management of resources ensures our forces are supportable and sustainable, and our people are adequately trained to execute all combat tasks.

#### ***Force Structure***

The Air Force is sized to meet our current national security requirements as defined in the Bottom-Up Review (BUR), the Mobility Requirements Study, and the Nuclear Posture Review:

- 13 active and 7 reserve component fighter wing equivalents (FWEs)
- 100 deployable bombers
- 450 - 500 single-warhead ICBMs

We have programmed for 13 active and 7 reserve component fighter wing equivalents and 100 deployable bombers to fight and win two nearly-simultaneous Major Regional Conflicts (MRCs). Of the 13 active duty FWEs, 5 2/3 are permanently assigned to Europe and the Pacific, leaving 7 1/3 available for Air Combat Command to immediately commit to a theater commander in the event of a contingency. Reserve components are critical, but will usually be mobilized after active duty forces. As an initial response to an MRC, we can inject up to ten FWEs with more wings to follow within the first several weeks if required. Our bombers will employ while other forces deploy. Bombers will conduct combat operations immediately upon the onset of hostilities, operating from the United States initially, and then deploying into theater to maximize operating tempos. Acting together, these forces are key to seizing the initiative from an enemy force, destroying its ability to project power, and thereby helping to create

conditions for a peaceful settlement favorable to the United States while controlling costs in lives and treasure. Furthermore, this force structure provides a sufficient reserve to deter or respond to a second aggressor should another conflict erupt.

The Air Force also continues to provide two legs of the nuclear triad, to deter any future hostile nation from acting against our vital interests. As a result of the Nuclear Posture Review, we will maintain a force of 20 B-2s, 66 B-52s, and 450 to 500 single-warhead Minuteman III ICBMs, depending on the recommendations of the Base Closure and Realignment Commission. All B-2s and B-52s will be dual-capable (nuclear and conventional), while the B-1 fleet of 95 aircraft will be reoriented to a conventional role.

The Air Force took the lead in rapidly cutting its force structure to meet Bottom-Up Review and Nuclear Posture Review requirements, and, in so doing, freed up resources to maintain combat readiness, support essential modernization, and provide a decent quality of life for our people.

#### *Supportability and Sustainability*

In addition to this aggressive glidepath in cutting force structure, we have enhanced supportability and sustainability through better resource management. We've seen breakthroughs in four areas:

- Improved readiness forecasting
- New ways to logically support weapon systems
- Improved approach to resolve engine problems
- Better distribution of mission tasks

First, readiness forecasting has been strengthened. We make rigorous assessments on a daily basis and report those assessments to the National Command Authorities. Our Status of Resources and Training System ensures all units provide readiness snapshots of

their current health, as well as unit commander forecasts. This system helps us predict the impact of resource decisions as well as uncover potential weak areas before readiness erodes.

Second, we are fundamentally altering the way we support our weapon systems. "Lean logistics" is an integrated effort among maintenance, supply, and transportation systems to provide the right part, at the right time, at the best price to the user. Lean logistics removes one whole tier of maintenance infrastructure for highly reliable avionics and engine systems, reduces depot maintenance time, and uses transportation tracking procedures like those used by commercial package carriers. It postures us to support forces at home or abroad with less investment in support, manpower, infrastructure, and inventories. Results so far are impressive. In the avionics area, for instance, repair pipeline times have been cut by 50 percent.

Third, we are effectively managing high performance engine problems. The recent F-16 F110-GE-129 fan blade problem is a good example. Immediately upon recognition of the problem, we instituted a precautionary safety stand-down which did not impact combat readiness. This allowed our engineers to isolate the problem, design an interim fix, and adjust inspection standards and schedules to get affected portions of the fleet flying again. They then developed a long-term solution which is now undergoing rigorous testing at General Electric and our Arnold Engineering and Development Center.

This is a normal process. All of our engines are designed to balance performance, reliability, maintainability, and cost. We have systems for measuring these parameters and making refinements in hardware, software, and procedures to optimize this balance throughout each engine's life-cycle. Furthermore, we are continuing to improve management processes across-the-board through activities such as the Chief of Staff Engine Review, Current Engine Design Reviews, and the ground-breaking High-Cycle Fatigue Baseline Study.

Finally, we are enhancing readiness through better distribution of mission tasks. Most importantly, the Air Force is making increasing use of the world-class capabilities of our Air National Guard and Air Force Reserve. These affordable, accessible, and highly capable warriors are integral to our warfighting force structure. They also make key contributions in peacetime contingency operations around the world. We simply couldn't meet USTRANSCOM's requirements without Guard and Reserve mobility support. Reserve forces provide 50 percent of the crews and 19 percent of the aircraft for strategic airlift, and 41 percent of the crews and 12 percent of the aircraft for our tankers. Similarly, Guard and Reserve fighter forces now routinely deploy for peacetime contingency operations such as Deny Flight in Bosnia, and Provide Comfort and Southern Watch in Iraq, in addition to meeting their combat training commitments. Likewise, our bomber force now includes reserve components, with a Guard squadron at McConnell AFB, Kansas, and a Reserve squadron at Barksdale AFB, Louisiana. Another Guard squadron of B-1Bs will begin stand-up at Robins AFB, Georgia, next year. In short, our citizen-airmen are assuming a much more active role in every aspect of Air Force operations.

We are also making more effective use of our active duty forces and civil aviation assets. We are distributing active duty deployment burdens through our Palace Tenure program. We have also obtained authority to use aircraft assigned to NATO on a temporary basis outside the NATO region. All these innovations allow us to sustain the increasing pace of Air Force operations.

#### *Combat Training*

Lastly, we continue to train our forces the way they will fight. Realistic combat training is not a luxury, but a necessity. We have maintained strong funding profiles for all combat training programs. What began 20 years ago as a modest exercise concept known as Red Flag has since evolved into a system of worldwide flag exercises which are

absolutely essential to Air Force readiness. What we did in DESERT STORM would have been impossible if the Air Force didn't have flag exercise experience. Similarly, the Air Force is a full partner in all major Army exercises at the National Training and Joint Readiness Training Centers. Finally, we bring our high training standards to more than 50 major joint and combined exercises around the globe each year.

Underpinning this, of course, is realistic day-to-day training. Our daily operations increasingly emphasize composite and joint force operations to build on basic skills. We also continue to enhance combat training through simulation, which provides a helpful supplement to flight operations. But teamwork and uncompromising standards measured in a realistic flight environment are the touchstones of warfighting excellence. That is why the proposed Idaho Training Range (ITR) is important. The ITR gives our "first to fight" forces at Mountain Home, Idaho, the composite training it needs. The ITR will improve readiness by providing quality, realistic, cost effective training while recognizing environmental concerns. We will continue to arm our people with experiences that emulate actual combat in its most demanding phases.

### *Challenges*

Stability in our operations and maintenance (O&M) budget is key to maintaining Air Force readiness, and that stability can be jeopardized by a lack of timely funding for contingency operations. If contingency funding is delayed in the future, then the balance between force structure and readiness could easily be upset. We then will have less ability to deal with spot-readiness setbacks in systems such as Airborne Warning and Control System (AWACS), F-117s, B-1Bs, C-5s, C-141s, AC-130s, and engines for the F-15 and F-16. These problems are manageable and we have them under control, but there is little margin for budget shortfalls. A related concern is the impact of contingency operations on combat training. Aircrew members operating heavily tasked systems such as AWACS and Airborne Battlefield Command and Control Center (ABCCC) aircraft

have fewer opportunities to hone all their combat skills, and this can impinge on their warfighting readiness. Both supportability and training require stability in our O&M accounts. To accomplish this we support the Secretary of Defense's request for a readiness preservation authority which would avoid diverting money from readiness to contingency operations late in the fiscal year.

### ***SHAPE TOMORROW'S AIR FORCE***

The future readiness of our forces depends on revolutionary strategic planning and systematic modernization.

#### ***Revolutionary Planning***

As General Shalikashvili said: "The combination of slower modernization rates and a rapidly changing threat environment makes long-range planning more difficult and more important." The Air Force has set standards in this area, developing 25-year roadmaps across 40 mission areas to make the right decisions about our modernization needs. We evaluate alternatives ranging from changes in force structure, systems modifications, science and technology applications, and new acquisitions. Correspondingly, we continue to evolve our acquisition processes to more effectively and efficiently place the right capabilities into the hands of warfighters.

And this is just the beginning of our progress in Air Force planning and systems acquisition. 1995 is the 50th anniversary of the Air Force Scientific Advisory Board (SAB), whose first reports set the trajectory for Air Force modernization for decades. This year we are engaged in a similar effort by the SAB, Air University, our planners, and our acquisition activities -- challenging our best and brightest to revolutionize and institutionalize how we plan for and acquire the capabilities we need for the 21st Century.

One of the areas we will work on is modeling and simulation. Recent wargames have highlighted deficiencies in the ability of existing campaign models to represent the multi-faceted combat power of air forces. Modeling simply hasn't kept up with incredible advances in air, space, and information technologies. We must improve our ability to model Air Force capabilities, weapons effectiveness, and concepts of operations.

### *Essential Foundations*

Air Force Science and Technology (S&T) innovation is the foundation of future readiness, but our strategies to maintain pre-eminence are changing. In prior decades, Air Force S&T was the driver that produced the most critical technologies. Now we must harness commercial applications in many areas. Therefore, we have revitalized the SAB as a nexus linking the Air Force to other government agencies, commercial sectors, academia, and our allies. The SAB has also undertaken an independent and comprehensive forecast of future technologies with the highest payoff for military aerospace applications. These efforts will help keep us at the cutting edge of technological advancements and promote affordable solutions to aerospace problems.

### *Regional Warfighting Requirements*

Modernization objectives to meet two nearly simultaneous MRC requirements must be understood in their strategic context. Decisions made today have 30 year implications. Regional threats will change radically, and we might not have the luxury of a DESERT STORM-type buildup in the next war. We may have to fight our way in and race to establish footholds in one, or even two theaters. If we lose the race, the result could be a long, costly war.

The BUR recommended key modernization efforts to field high-leverage forces. These forces will secure footholds in a theater, blunt enemy progress, and lay the foundations for a sea and air bridge over which follow-on forces will travel. Moreover,

portions of the Air Force lead echelon must be prepared to swing to help deter or defeat a second aggressor in another theater. In sum, BUR conclusions depend upon exploiting the capabilities of airpower, at sufficient operations tempos and with the right munitions, to help defeat two enemies on opposite sides of the globe nearly simultaneously. Within this context, we are focusing our modernization efforts in the following areas:

- Providing rapid global mobility
- Achieving air superiority
- Conducting lethal surface attack
- Dominating the information environment

*Rapid Global Mobility* — The ability of a joint force commander to prevail in an MRC depends upon USTRANSCOM's capability to rapidly inject forces into a region. Our national strategy requires an estimated airlift requirement of 49 to 52 million ton miles per day. Furthermore, in the early stages of a deployment, more than 70 percent of this airlift requirement is for oversize and outsize cargo. Because the C-17 is the only airlifter able to accomplish all required missions, it is USTRANSCOM's and the Air Force's highest near-term modernization priority.

The C-141 is tired! It will continue to serve through this decade, but it makes better economic sense to modernize the strategic airlift fleet rather than temporarily extend the life of this aging workhorse. The C-17 is becoming a success story, replacing the C-141 at lower operating costs while delivering C-5-type payloads into C-130-size airfields. Production is ahead of schedule; we have received 18 aircraft so far. The first C-17 squadron became operational in January, at Charleston AFB, South Carolina, and is now supporting worldwide airlift requirements.

The Defense Acquisition Board's (DAB) C-17/Non-Developmental Airlift Aircraft (NDAA) Milestone III recommendations in November of 1995 will tell us whether we

should procure more than 40 C-17s and/or augment the force with an NDAA. There has been congressional interest to put funds toward procurement of an NDAA prior to the November decision. However, key information will not be available until later this year, and we must not prejudice the DAB's decision with premature modernization decisions. The DAB's evaluation requires demonstrated C-17 performance data (due in July 1995), NDAA source selection results (due in September 1995), and completion of Air Mobility Command's Strategic Airlift Force Mix Analysis (due in the Fall of 1995).

Finally, in addition to strategic airlift modernization, we need your support to upgrade our air refueling and theater airlift assets. Major modifications to the radar, navigation, and avionics of the KC-135 will enhance the maintainability and supportability of the fleet. We are also embarking on a low rate production of C-130Js to replace our older C-130s. Both modernization programs provide manpower savings, increase our flexibility, better support our sister Services, and are necessary to meet our global mobility requirements in the next century.

*Air Superiority* — The initial battle for air superiority will determine the outcome of any MRC. Our early deploying fighter forces will have to engage the full weight of the enemy's air forces, missile forces, and surface-to-air defenses. This is why air superiority and the F-22 are our top long-term modernization objectives. Modern air battles tend to be cataclysmic. An initial disadvantage can quickly cascade into outright defeat with profound consequences for the progress of a war. Air superiority provides freedom of maneuver so that ground, air, and naval forces can end conflicts quickly and decisively. Air superiority is fundamental to the safe arrival and resupply of forces. It is essential for protection of high-value assets that help achieve information dominance, such as JSTARS and AWACS. And to ensure success of all other offensive operations, U.S. air superiority must extend deep into enemy territory.

**This is why the F-22 stealth fighter is a national program our country needs.**

The F-22 epitomizes what any prospective adversary respects most about American military power -- it is sophisticated, responsive, flexible, and extremely difficult to defend against. American fighting forces have had air superiority since the disaster at Kasserine Pass in the spring of 1943. The F-22 will ensure we sustain this record in the next century. With the proliferation of launch and leave air-to-air missiles, many foreign fighters are now at parity with the F-15. Likewise, the F-15 is highly vulnerable to advanced surface-to-air missiles (SAMs) which continue to proliferate at a disturbing rate. The F-22 provides the qualities required to fight outnumbered against future opponents and win:

- Stealth
- Supersonic cruise
- High maneuverability
- Advanced avionics

The capacity to rapidly deploy and engage over heavily defended enemy territory, and to achieve first-look/first-shot/first-kill decisions, underwrites the capabilities of all follow-on forces in an MRC. Finally, once the F-22 wins the contest for air superiority, it can quickly swing to surface attack operations -- penetrating heavy defenses unassisted in a strike role to destroy vital targets on the ground.

The F-22 program is at a critical stage, just approaching engineering and manufacturing development milestones. Our program managers are scrupulously following all Packard Commission recommendations for acquisition programs save one -- funding stability. We need your help to maintain stable funding for this national asset.

Another essential component of air superiority is suppression of enemy air defenses, which protects aviation forces that do not possess stealthy characteristics. By

upgrading a portion of our F-16s with the High Speed Anti-Radiation Missile (HARM) targeting system, we will offset capability lost due to the retirement of the aging F-4G Wild Weasel.

**Finally, proliferation of ballistic and cruise missiles and Weapons of Mass Destruction (WMD) present the most serious long-term threat to air superiority.** Our modernization objectives aim at neutralizing these weapons before launch and very early in flight. This will help produce a layered defense in depth -- complementing terminal defense systems which may be ill-equipped to neutralize advanced submunitions or the effects of WMD. Moreover, by destroying WMD on or over enemy territory, we can create powerful incentives not to use them in the first place, better protect our forces if they are used, and thus shift our emphasis from "deterrence by threat of punishment" to "deterrence by denial."

The Air Force is pursuing technologies to improve our ability to search and destroy ballistic missile launchers through development of automatic target recognition and cueing systems for application with aircraft such as the F-15, JSTARS, and U-2. We are also upgrading the Joint Tactical Information Distribution System (JTIDS) to enhance joint operations against these threats. Improvements in attack operations provide the highest payoff in the theater air defense arena, but it is unlikely we can guarantee 100 percent success rates. Therefore, we are pursuing development of Space Based Infrared (SBIR) systems to provide accurate tactical warning of missile attack against our deployed forces, and airborne laser technology to provide speed-of-light, catastrophic kill of theater ballistic missiles in the boost phase when they are most vulnerable.

- Boost phase intercept will help ensure missile destruction over enemy territory and prior to the release of advanced submunitions

Recent advances in this technology and success in live-fire demonstrations indicate the airborne laser aircraft can provide a flexible standoff platform that may also have application in an anti-aircraft and anti-cruise missile role.

*Surface Attack* — The third vital requirement in an MRC is denying the enemy the ability to project power through surface attack -- and again, early successes reduce the costs of all subsequent operations. Airpower limits the enemy's freedom of action, disrupts his attack plans, and neutralizes his capability and will to resist. Our modernization objectives are centered in three areas:

- Recapitalizing our bomber fleet
- Upgrading our fighter forces
- Acquiring advanced munitions

The B-2's stealth, range, large payload, and quick intercontinental response will significantly improve our Nation's ability to determine the course of a conflict at its onset. To comprehend their reach, consider that B-2s, in a conventional role, staging from Whiteman AFB, Missouri; Diego Garcia; and Guam can cover the entire world with just one refueling. To understand their firepower, consider that six B-2s could execute an operation similar to the 1986 Libya raid but launch from the continental U.S. rather than Europe with a much smaller, more lethal, and more survivable force. In short, this platform combines the stealth and survivability of an F-117 with the range and payload of a B-52. The eighth operational aircraft will join the fleet by the end of the year to complete the first squadron. The B-2 has already participated in Red Flag. Twenty of these aircraft will eventually enter the inventory to provide an operational force of 16.

While the B-2 will be used to penetrate the most sophisticated enemy defense, the B-1 will be the backbone of the fleet, with its greater numbers, larger payload, and higher

speed. The B-1 recently demonstrated its capability to sustain wartime operating rates in a comprehensive Operational Readiness Assessment, greatly surpassing the required mission capable rate. We are retaining 95 B-1s to maintain an initial operational force of 60. Of the other 35 aircraft, 27 will be maintained in a reconstitution reserve status until we complete smart conventional munition upgrades. At that time, around the year 2000, we will have 95 aircraft providing an operational force of 82 fully modified B-1s.

Finally, the B-52H will continue to make a major contribution to the bomber fleet, with 66 B-52s providing an operational force of 56. Armed with Air Launched Cruise Missiles and Advanced Cruise Missiles, they will be integral to the Single Integrated Operating Plan (SIOP). They will also conduct standoff and direct attacks in conventional conflicts carrying the full range of advanced munitions.

Acting in concert, the bomber force will provide critical advantages in an MRC and a responsive swing capability to deter or respond to a conflict in a second theater. Budget constraints forced us to downsize the force, accepting increased risk in the short term. But resulting savings are funding upgrades so we can deploy a larger fleet with enhanced capabilities by the end of the decade. Once all 20 B-2s are delivered and the B-1Bs are upgraded, the U.S. will have 110 deployable bombers and a total of 181 of all three types in the inventory. A fleet of 181 bombers provides a force sufficient for two MRCs, an operational reserve for nuclear deterrence, and peacetime training requirements. We will continue to look for ways to exploit the maximum potential of this fleet, and anticipate that the Heavy Bomber Study (expected in April 1995) will suggest initiatives for further refinement of this plan.

Second, we are modernizing theater strike and multirole platforms. The principal strength of these forces is their ability to sustain high combat tempos over long periods to maximize fire and steel on target. We are improving our surface attack capabilities through procurement and modification of F-15Es, F-16s, and precision subsystems such as LANTIRN and the HARM targeting system to provide accurate long range attack

capabilities to the Joint Force Commander (JFC). We are also pursuing a Coalition Force Enhancement (CFE) plan to help fund upgrades. The plan will allow foreign military sales of older F-16s to improve allied capabilities and help fund newer F-16s for our Air Force. We are depending on your support to proceed with this CFE program.

No new strike aircraft acquisitions are planned for a decade. Soon after, however, we must produce the next generation strike aircraft based on the Joint Advanced Strike Technology (JAST) program. JAST is more than a technology demonstration effort. It is an aircraft acquisition program in its first stage. The key focus of the program is affordability -- reducing the life-cycle costs of follow-on strike aircraft and production programs. We are committed, with the Navy, Marines, and our allies, to field this aircraft in a timely fashion. JAST is building upon the substantial foundation laid and being laid by the B-2, F-22, JDAM, JSOW, and other DoD programs. By leveraging these and our science and technology programs, JAST reduces risk and cost, and increases commonality in our next generation strike aircraft. Programmatically, additional F-22 program delays will create a fiscal bow wave in the next century as the Nation attempts to field new fighter and strike aircraft simultaneously.

Third, the Air Force has made "a precision commitment." In 1944, it took 108 B-17s dropping 648 bombs to destroy a point target. In Vietnam, similar targets required 176 bombs. Now, a single precision guided munition (PGM) can do the job. This is how the F-117 stealth fighter destroyed 40 percent of all strategic targets while flying only 2 percent of all strike sorties during DESERT STORM. Precision munitions also enhance

strategic agility. For example, just over three C-5 sorties per day could have supplied every PGM used by the Air Force during the Gulf War. Consequently, the Air Force:

- Tripled the number of precision-capable platforms since the war
- Boosted PGM inventories by 25 percent above pre-war levels
- Developed new generations of PGMs with enhanced accuracy, standoff, and adverse weather capabilities

The one munitions program which is not on track is the Tri-Service Standoff Attack Missile (TSSAM). TSSAM cancellation was the right decision given reliability problems with the current weapon. Nevertheless, the joint requirement for a TSSAM-like munition still exists and will become more important in the future. We will actively explore affordable and reliable alternatives.

*Dominating the Information Environment* -- The 1990s have seen the ascendance of another military role in which the Air Force plays a significant part -- dominating the information environment -- by providing global situational awareness and denying or corrupting any adversary's. Information operations are no longer a cost of doing business, but presence and warfighting methods in their own right. They substitute for force structure in some cases, and increasingly serve as a multiplier when force is required. As principal operator of our Nation's air and space information-gathering systems, we have stepped up to modernization challenges on behalf of joint warfighters.

This year saw development of an objective C4I environment for the 21st Century and a map to get there. Our proposal is not a grand design, but a set of nested plans that will allow rapid progress toward the goal -- harmonizing efforts throughout the DoD. We are working to build a global network with worldwide information access, common tactical pictures and bandwidth-on-demand for any application -- a system that will

provide all U.S. warfighters immediate access to the critical information they need, from any source, in any electronic form, to and from anywhere in the world.

This vision is already coalescing in the field. Our Space Warfare Center is bringing operations and support together from all Services to help make space support to the joint warfighters routine. In Haiti, our space support teams deployed in support of the JFC. For the first time, the JFC, National Military Command Center, and Service Operation Centers viewed a common tactical picture -- displaying everything from readiness data to imagery and weather at the click of a button. The Air Force is making similar strides developing conceptual, doctrinal, and legal positions on information warfare (IW); incorporating IW into education, training, and exercise programs; and developing operational capabilities. One important step was establishment of the Air Force Information Warfare Center in 1993, at Kelly AFB, Texas.

Information systems modernization proceeds apace. Our Space Test Program successfully flew 23 research experiments last year; we now have a fully operational constellation of 24 Global Positioning System (GPS) satellites providing worldwide navigation and targeting information to joint war-fighters; and the first MILSTAR supported joint communications in Haiti. Additionally, SBIR has made extraordinary strides in acquisition reform and will become the model for DoD programs. SBIR's streamlining focuses on documentation and oversight, simplified reviews, and continuous senior leadership involvement in program execution.

Our airborne information systems are also being modernized and netted to each other and to ground and space systems to produce large force-multiplying effects. JSTARS, for instance, is doing for the ground battle what AWACS does for the air battle -- allowing long-range identification of enemy movement to cue and guide timely interdiction. Likewise, our RC-135 Rivet Joint aircraft and U-2 reconnaissance platforms will continue to provide time-critical intelligence and imagery to the National Command Authorities and theater commanders. These kinds of capabilities improve situational

awareness, reduce sensor-to-user times, and enhance command and control. They allow the joint force commander to retain the initiative in any situation. We will continue to preserve these kinds of advantages in both manned and unmanned reconnaissance and surveillance systems.

Similarly, we are "modernizing our users" to make faster and better use of information. GPS modifications continue on all Air Force aircraft. Targeting information is finding its way from space and airborne sensors directly to the cockpit or smart weapons. Finally, our new mission support system is pulling together operational, weather, intelligence, threat data, and command and control information from all sources into portable work stations for Army and Air Force warfighters. These are precisely the advances we need to fully exploit the capabilities of a much smaller military.

*Space Launch* -- Information dominance depends on routine, affordable, and reliable access to space. We turned the corner in space launch this year. Last year we saw more than 20 successful launches. We continued the Delta launch vehicle's perfect record, and returned the Titan IV to flight. We also submitted a space launch plan to the President and Congress to evolve our expendable launch systems and received funding for the first booster replacement in 30 years. The Evolved Expendable Launch Vehicle (EELV) will deploy a broad range of spacecraft, or multiple spacecraft, and support more demanding launch requirements. Finally, we are enhancing national capabilities through cooperation with industry at Vandenberg AFB, California, and Cape Canaveral, Florida. But this progress represents an essential beginning only.

- America's leadership in commercial space launch has declined from almost 100 percent market share in the 1980s to 32 percent this year
- We must continue to build on recent successes or the consequences for military and economic security could be serious

*Joint Flight Training*

Finally, the Air Force is committed with the Navy to fielding a Joint Primary Aircraft Training System (JPATS). JPATS is an affordable way to meet the requirements established by the SECDEF-directed Joint Pilot Training initiative. JPATS is currently in source selection, and we anticipate a selection from among the six corporate teams by mid-summer. This is one of seven acquisition reform pilot programs. We need your aggressive support for this program to improve our training capabilities and save taxpayers' money.

***SUPPORT OUR PEOPLE***

Our people are at the center of all we do. Meeting their core needs is not only essential to maintain readiness, it is the right thing to do. The Air Force is committed to providing a reasonable quality of life. This means three things:

- Providing acceptable standards of living
- Treating people with dignity and respect
- Managing stresses associated with high deployment tempos

*Acceptable Standards of Living*

The Air Force increased quality of life funding by five percent this year. We are focusing on key areas such as dormitories, housing, child care, and family support. We provide quality child care for 45,000 Air Force families each day, at reduced cost to parents, but we still have 8,000 children on waiting lists and cannot accommodate 50,000 to 75,000 additional walk-ins each year. These figures do not include those parents who have given up trying to get into the system -- we need to do more. We also are arresting

growth of deferred maintenance for housing and exploring privatization to improve access to quality units. We continue to work toward providing private rooms for all unaccompanied enlisted personnel. Family support and single-member support activities such as parenting, chaplain services, and abuse prevention programs are reaching more and more people. And, in response to an increasing number of members citing financial strains, we've doubled financial training given to all new recruits.

We have accomplished much, but more remains to be done. The President's recent commitment to the highest military pay raise permitted by law will help slow the fall in military pay raises against those of the private sector, but the pay raise gap generated in past years (currently at 12 percent) will remain. Therefore, we must continue to look for opportunities to improve the lot of those who serve in today's Air Force and their families. The DoD's renewed commitment to a better quality of life, through investments totaling \$2.7 billion, is an important step in our efforts to counterbalance that pay gap and to achieve needed retention levels. At the same time, we must pursue ways to reduce the substantial out-of-pocket housing and moving expenses now absorbed by military members. Air Force personnel currently absorb more than 20 percent of their housing expenses. Likewise, our people, who are being moved at our direction, absorb a significant amount of their moving expenses out-of-pocket.

A reasonable quality of life depends on more than just monetary compensation. The facilities and services we provide our people, including those supporting their morale, welfare, and recreation needs, are not just niceties, but key variables in the quality of life equation. We have been forced to cut back on real property maintenance funding for a number of years as we scaled back our base structure, but we can no longer afford to overlook this account. Our European bases, in particular, need immediate attention. The Congress has been cautious about committing funds until force reductions leveled out in Europe. They have, and now our military personnel stationed there need your support.

Finally, we are concerned that the propensity for young Americans to enlist is down 35 percent since 1990. Some speculate that young people doubt our ability to provide career opportunities that are challenging and stable. The recently enacted boosts to our advertising appropriation should help correct that misperception, but some concerns remain. We will aggressively monitor recruiting trends, and stand ready to commit the resources necessary to enhance the attractiveness of military service should the current trend continue.

In sum, 1994 signaled a year of renewed dedication to more equitable pay, a better quality of life, and excellence in recruiting and retention. We will continue to build on these accomplishments in the year ahead and recognize our responsibility to move quickly in arresting any adverse trends that might emerge.

#### *Treatment of People*

The Air Force is setting new standards in the equitable treatment of people to enhance unit effectiveness and cohesion. We continue to focus on two areas: eliminating discrimination and harassment, and enhancing professional opportunities. Air Force leaders at all levels are getting the word out: *discrimination and harassment have no place in our profession and will not be tolerated*. We have a clear policy, continue to improve our educational processes, and empower our local commanders to deal with incidents in a frank, open, and progressive way. Our commanders understand the charge of the senior Air Force leadership: we hold commanders accountable for this policy.

Correspondingly, we can't keep good people unless they are continually challenged. Air Force opportunities for professional growth have been clarified and expanded. Past initiatives have resulted in life-cycle professional development paths that reduce uncertainties concerning requirements for advancement. New opportunities are also available to women, who now compete for more than 99 percent of all Air Force

positions. We are also completing an extensive review of our officer assignment and evaluation systems to improve professional excellence within the institution. Once this is completed, we will review the enlisted promotion system.

Finally, the Air Force provides world-class training and educational opportunities for all of its people. Just as economic security depends increasingly on a lifetime of learning and multi-disciplinary experiences, so future military security demands that our airmen push new intellectual horizons -- both vocational and academic. We approach this objective systematically, through life-cycle education and training systems tailored to requirements in different career fields. We also promote an ethic of personal responsibility for continued education, and have expanded opportunities in this area through increased funding of tuition assistance programs. As a result of our programs, we are the best educated military service in the world with over 99 percent of our enlisted force having high school degrees and over 77 percent having some college credit. Similarly, over 49 percent of our line officers have masters degrees and another 1.5 percent hold doctorate degrees. We're proud of the educational accomplishments of our people, and we intend to continue to provide education opportunities at all levels.

#### *Managing the Stress of Deployments*

Lastly, we are working to reduce the stresses associated with high deployment tempos. Personnel deployment tempos are up four-fold in as many years. For many of our weapons systems and specialties, this means deployments that far exceed our goal of 120 days per year. This creates stress for our people, not only because they have less time to manage their personal lives, but because they must leave their families for long periods. These people are professionals; they know this comes with the territory and they are proud of what they do. Nevertheless, we need to help by seeking ways to lower deployment burdens. Again, our Air National Guard and Air Force Reserve are answering the call in a superb manner. Today, we rely upon our reserve components in

more mission areas than ever before. We are also distributing active duty deployment burdens through our Palace Tenure program. And, we will redouble our efforts to provide the kind of help for families left behind that is critical to the psychological well being of the member. In sum, we will continue to look for ways to reduce peacetime deployment rates to levels that are sustainable, not just for most of the force, but for the entire Air Force.

That is a brief overview of how the Air Force is addressing its top priorities -- ensure combat readiness, shape tomorrow's Air Force, and support our people. But before we conclude, it is germane to highlight Air Force progress in another very important area.

### *Obligations to the Taxpayer*

The Air Force also recognizes its critical role promoting the general welfare. We call this Air Force citizenship. It has two dimensions: economic and social. We fully understand that Congress and the American people expect us to maximize the return on each taxpayer dollar. We also recognize our obligations to American communities, not only in time of need, but as full partners in the great American journey. A wide range of Air Force activities exemplify these commitments.

### *Quality Initiatives*

Air Force Quality programs are a model for our entire federal government. We are improving combat capability and saving a lot of money. We've cut 45,000 pages of regulations down to 16,000 pages of instructions, and substituted policy directives on CD-ROM that tell our people what the objective is, not how to achieve it. They can get authority to waive non-value added policy and are accountable for doing so. As a result,

thousands of improvements both great and small are occurring every day. The magnitude of our people's accomplishments is impossible to summarize here, but one area must receive mention.

### ***Acquisition Reform***

Nowhere is our progress more evident or more important than in acquisition reform. Our acquisition policy directives are being streamlined. Secretariat-level memos are down 65 percent. We have established a rapid relief process for policy relief requests. We are managing four of the five pilot programs authorized by Congress, and radical new approaches are making Secretary Perry's vision for reform a reality. Not long ago, even straight-forward acquisitions such as desktop computers required almost 2,000 specifications. Our latest major computer acquisition required 44.

We are also spearheading innovative approaches such as dual-award and best-value-source-selection to induce competition; and commercial off-the-shelf and non-developmental acquisitions to meet requirements without duplicating systems development and costs. Our new software acquisition processes will ensure substantial savings for DoD over the next decade.

### ***Partnership with Industry***

The Air Force also plays an important economic role promoting dual-use technologies. The American aviation industry is one of the largest sectors of the economy and the United States dominates this market because of the remarkable symbiosis between military and commercial aviation sectors that has flourished for nearly a century. Therefore, we are expanding these relationships into space and other areas where objectives are vested. Technology transfers from Air Force labs have jumped from 45 to 200 in two years; we've acted on 1,300 commercial inquiries; and we're managing 26 dual-use projects. Dual use of resources is also paying big dividends. For instance, if

new space ventures had to duplicate launch infrastructure built by American taxpayers over the last 25 years, it is unlikely they would be able to compete in today's space market. Finally, we make available many windfall services with significant economic repercussions. For instance, civil aviation now depends on our Global Positioning System (GPS) constellation for navigation. Additionally, Air Force weather satellites provide critical real-time data to civil agencies, and Air Force-trained controllers guide much of our Nation's air traffic.

In sum, the Air Force takes the taxpayers' call for a more responsive and economical government seriously and has much to show for this commitment. For example, 71 percent of all BRAC savings to date are a result of Air Force base closure and realignment activities. Even so, there are three high-payoff areas where further progress is possible:

- Force structure -- infrastructure imbalance
- Roles and missions of the Services
- Space acquisition and management

First, force structure is down 30 percent, but infrastructure has been cut just 15 percent. Rapid progress on the current Base Closure and Realignment Commission (BRAC) round will address this imbalance and free up money for other pressing concerns and end turbulence that disrupts the lives of military people and our Nation's communities. We need your support to rapidly complete this process. Second, as technology and capabilities evolve so must our views on roles and missions. The declining size of our military demands abandonment of the business as usual mindset. Innovative thinking is key to reducing duplication and getting the most capability from our defense budget. To paraphrase General Shalikashvili, the combination of diminishing resources and a rapidly changing threat environment makes inter-service trust more

difficult and more important. We fully support the efforts of the Roles and Missions Commission and look forward to positive and constructive recommendations. Finally, we are aggressively pursuing plans to streamline space acquisition and management. This is both a reinventing government issue and a roles and missions issue. We are working with the entire national security space program to implement more effective organizational structures, management methods, and acquisition practices. Though we provide 90 percent of the people and 80 percent of the funding that makes space operations possible, we will find ways to ensure full multi-service participation, and to ensure that space acquisition and management practices meet the requirements of all joint warfighters.

#### *Environmental Excellence*

Our people garner accolades every year for their commitment to the environment. They've been recognized by the President's Council on Environmental Quality as having the best environmental program in the federal government. Moreover, our environmental programs are important to readiness because they enable us to maintain the community support we need to have continued access to our training areas. We operate 36 ranges encompassing some 9 million acres. Not only do these ranges provide airspace for critical combat training, but we demonstrate every day the Air Force is a responsible steward of this property. Our hazardous waste program is cutting costs while protecting our people and our communities. We have and will continue to work closely with all interested parties to ensure protection of our people, wildlife, and the landmarks that represent an important part of our cultural heritage.

#### *Community Partnership and Leadership*

The Air Force plays a key role supporting communities across the Nation, and our citizen-airmen in the Air Force Reserve, Air National Guard, and Civil Air Patrol exemplify this role. As leaders in all aspects of community life, from youth mentoring to

city government, they make community contributions out of proportion to their numbers and stand as a shining example for us all. They also bring home the benefits of airpower to Americans on the street and on the farm. Last year they extinguished wildfires in six states; protected 85,000 acres of crop yields; flew 136 rescue missions saving 27 lives and assisted in the rescue of 40 more; chased hurricanes across the Pacific and Atlantic; provided critical relief during earthquakes and floods in California, snowstorms in the Northeast, and floods in the Southwest. All this was accomplished while providing an unprecedented level of support to active duty forces in peacetime operations around the globe.

### *CONCLUSION*

*The United States is an aerospace nation.* America's Air Force exemplifies the ascendant role of air and space power in meeting our Nation's security needs across the entire spectrum of peace and conflict. Air and space power are increasingly fundamental in building U.S. influence jointly and globally through presence. More profoundly, air and space power increasingly underpin national capabilities to conduct decisive combat operations worldwide on short notice, while greatly reducing costs in blood and treasure. The tough, forward-leaning decisions we have made over the past ten years underscore our commitment to remain the premier air and space force in the world. And they also underscore our management acumen, as a responsible steward of the resources entrusted to us by the American people.

Tension between expanding security requirements and dwindling resources will continue to challenge us in each of our objective areas:

- *MAINTAIN COMBAT READINESS*
- *SHAPE TOMORROW'S AIR FORCE*
- *SUPPORT OUR PEOPLE*

But Air Force priorities within each area are clear and our plans to achieve them viable. As these plans develop, we will continue to build our team within the team, and push the envelope of capabilities within our full-service Air Force. We will act in partnership with CINCs and sister Services to ensure our warfighting commanders have the responsive and capable air and space forces they require to defend our national interests. And, as the future unfolds, we believe we will make an increasingly pivotal contribution in casting America's watchful eye upon the globe, wielding her sword and shield, and lending her helping hand.

The CHAIRMAN. Thank you very much.

I thank all of you for what you have said. I want to just ask a general question to start this thing off and then others can weigh in after that.

I think it is safe to say that none of your budgets contain all of the things you would like to have; especially when you qualify that and talk in terms of the lowest level of risk to our people.

I was very interested to hear all of you say that near-term readiness, you felt good about. You are ready today to do what you are called upon to do. More importantly, I think from my viewpoint and what I have been talking about, is what you said after that; the qualifiers, about the future.

We tend to look in terms of today. I understand as Secretary Perry said the other day, defending, explaining or whatever the 1996 budget, that the service Chiefs have been given fiscal guidance, whatever that means. I know that I know what it means.

In any event, you have your part of the budget. You took that with the understanding that that's what it is. I want to get beyond that if I may in my question. Let me ask you a hypothetical question and get your personal opinion on it.

If each of you of each service were to suddenly be allocated an additional, say, \$1.5 billion to \$2 billion in funding for fiscal year 1996, where would you deem it most critical to apply these new funds and why? Please feel free to answer generally, but I would also like to have some concrete specific examples.

Also, I would like to have you qualify your answer based on two different assumptions. No. 1, that an add of this magnitude will be sustained each year for the next 5 years.

In the alternative, that an add of this magnitude will only be sustainable for the next 2 or 3 years, after which time a decline in spending would resume.

General Sullivan, if you do not mind starting off. Incidentally, if I might inject parenthetically right here, I remember very well our conversation over the last two years on the subject of readiness. I have used you as an example in talking with many groups.

When I posed the question of whether or not you thought this budget last year and the year before was sufficient, you said, yes, I have cut down to the muscle and to the bone. We cannot cut any further. This is all we can cut, but I have got to have this budget.

And I asked the question then, I said, well, how can we cut eight times as much in the future and still survive? That was the question left open. Maybe this morning we can get a little further into that.

General SULLIVAN. What I did for 1996 was put my money, the money that I received in my O&M [operation and maintenance] accounts. In fact, the O&M account for 1996 in the Army is bigger than it was in 1995 with less in strength. In fact, I can keep the readiness up in the near-term.

Now, to your point. If you were to somehow give me a billion dollars more, or \$1.5 billion, or \$2 billion, or whatever, essentially what I would do is split it equally between modernization and infrastructure.

I would put some in O&M. I would put some in the RC [reserve component] readiness; in modernization. That would be in muni-

tions, ammunition; mobility improvements, trucks; small arms and command and control.

In infrastructure; it would be barracks, and family housing and real property maintenance since I think I need to get into the real property maintenance more to keep this infrastructure we have as the other service Chiefs have mentioned; to keep it maintained.

If it were to carry on beyond a billion, then it would be spread in those baskets. I am prepared to give you today a breakout of that for the record if you would like. It would be equally split between modernization and infrastructure revitalization. In keeping with Secretary Perry and the Chairman's testimony, that is where the money would go.

The CHAIRMAN. What about the alternative questions about whether this amount would be sustainable over a couple of years or 5 years? Would it make any difference?

General SULLIVAN. What I said last year in my testimony was that a stable funding stream—and it was at that time about \$62 billion with less in strength. If I get that kind of stability, \$62 billion in that range, then I think we could do it as long as it was maintained into the out years.

Admiral BOORDA. Let me answer it in two ways; one-year money and money that lasts awhile. General Fogelman talked a little bit about people who are PAD away from home.

You know about PERSTEMPO and OPTEMPO issues in the Navy. In fact, you talked about them in your opening statement. This morning as our Navy gets smaller, we have reduced our requirements around the world. The unified CINC's have cooperated. The requirement has not reduced at the pace that the Navy has reduced.

This morning when I left the office to come here, I checked. Fifty-one percent, seagoing Navy, was underway. Twenty-two percent was deployed. That is not counting people that live overseas. That is just people who left CONUS to go overseas.

We are off of Somalia. We are off of Korea. We are in the Persian Gulf. We are in Bosnia. We are taking care of people with the other services down in Gitmo. We are not doing any of this alone. It is all of us doing it; all four services and the Coast Guard.

I would use 1-year money to try to ameliorate some of that problem for the future. I cannot do anything about it today. It takes too long to build ships. If you look at our budget right now, for 1996 we are buying three ships. That is as low as I think anyone can remember.

We are only buying 12 tactical aircraft, that is all, for the future; 3 ships, 12 tactical aircraft. We have put our money in the near-term and that is future stuff. If I had the money that we were going to spend this year, I would buy ships and aircraft with it so that the sailors of the future are not challenged the way the sailors of today are challenged.

I would also use some of that money to keep some more ships that were going to be commissioned, small ships, that can do some of these jobs and take the pressure off of the whole Navy. I have good support in that from Secretary Dalton and from Secretary Perry.

We found the money for 1996. I would start spending that in the outyears to keep a few more small ships. I do not send a cruiser to do something a frigate can do. So, I do not send 400 people to do something that 180 can do.

We would no doubt want to buy some more support for our Marine Corps in amphibious shipping. We had to move LPD-17, something we badly need. I think both the gentleman and I strongly agree on that.

We had to move it 2 years to the right from a 1996 start to a 1998 start simply because we did not have the money. We did that inside of the Navy. No one made us do that.

We looked at the dollars, the fiscal guidance and said that is what we should do. I think that ship is a needed addition for Marine Corps support.

The way we are going to take care of the problem right now is we are going to extend some older ships; the LPD-4 class. Those are steam ships. They will be 38- to 40-years-old when they retire under our current scheme.

That is hard on people. It does not provide the Marine Corps with the support they deserve. I would try to fix that with money over the long-haul.

I share the Army's concern, I think all of our concern. We are not putting enough money in infrastructure. That means we are not taking as good a care of our people as we should. I would put some of that money into infrastructure.

I have a complete list that I would be happy to provide for the record. It says if it is 1 year, it is this. If it is 5 years, it is that. Five is better than one, Mr. Chairman.

[The information referred to follows:]

## **ADDITIONAL FY 96 FUNDING**

**401**

### **1ST BILLION**

<b>MODERNIZATION</b>	<b>\$500M</b>	<b>(\$510M)</b>
AMMUNITION/MUNITIONS (\$156M: AMMO \$149M, MLRS \$5M, JAVELIN \$2M)		
MOBILITY IMPROVEMENTS (\$254M: FMTV-I \$110M, FHTV \$130M, UH-60L \$14M)		
SMALL ARMS (\$54M: MMG \$21M, M16A2+M4+MK19 \$33M))		
C4I (\$46M: FORCE XXI \$38M, ISYSCON \$8M)		
<b>INFRASTRUCTURE REVITALIZATION</b>	<b>\$425M</b>	
BARRACKS REVITALIZATION (\$105M)		
FAMILY HOUSING CONSTRUCTION (\$125M)		
REAL PROPERTY MAINTENANCE (\$195)		
<b>OPERATIONS &amp; MAINTENANCE</b>	<b>\$75M</b>	
RC READINESS (\$75M)		

## ADDITIONAL FY96 FUNDING

### 2ND BILLION

MODERNIZATION	\$650M (\$655M)
AMMUNITION/MUNITIONS	(\$245M: AMMO LOG PGM \$3M, AVENGER \$242M)
MOBILITY IMPROVEMENTS	(\$227M: FMTV-II \$133M, HMMWV \$24M, UH60L \$70M)
C4I	(\$30M: ADDS \$19M, A2C2S \$11M)
DEEP STRIKE WEAPONS / SENSORS	(\$9M: FIREFINDER \$1M, PALADIN \$4M, ILMS \$4M)
COMBAT SUPPORT SYSTEM	(\$76M: FORCE PROVIDER \$18M, TAC QUIET GEN \$35M, LOTS \$13M, 5000 GAL TANKERS \$10M)
LONG HAUL COMMUNICATIONS / ADP	(\$68M: NAVSTAR GPS \$18M, STAR-T \$42M, SCAMP \$8M)
INFRASTRUCTURE REVITALIZATION	\$250M (\$258M)
REAL PROPERTY MAINTENANCE	(\$203)
FAMILY HOUSING CONSTRUCTION	(\$55M)
OPERATIONS & MAINTENANCE	\$100M (\$100)
DEPOT MAINTENANCE	(\$100M)

## ADDITIONAL FY96 FUNDING

403

### 3RD BILLION

MODERNIZATION	\$900M	(\$999M)
AMMUNITION/MUNITIONS		
HELLFIRE II \$70M, VOLCANO \$75M)		
MOBILITY IMPROVEMENTS		
(HMMWV \$26M, IRV \$35M, M9 ACE \$23M, DEUCE \$3M) FMTV-II (\$100M)		
C4I		
(\$62M: SBIS \$39M, FAAD C2 \$6M, C2V \$3M, TENCAP \$3M, GCCS \$4M, MCIS \$4M, LIGHT FED \$1M, ASAS \$2M)		
DEEP STRIKE WEAPONS / SENSORS		
(\$45M: ATACMS/BAT \$16M, GRCS \$16M, ATACMS P3I \$7M, PALADIN \$4M)		
COMBAT SUPPORT SYSTEM		
(\$73M: TMDE \$18M, IFTE \$35M, BSFV-E \$9M, FAASV \$11M)		
SIMULATORS / TRAINING DEVICES		
(\$16M: CATT \$3M, JRTC LIVE FIRE \$1M, DIS \$1M OPFOR SURROGATE VEH \$1M)		
LONG HAUL COMMUNICATIONS / ADP		
(\$56M: STACOMP \$22M, TROJAN SPIRIT II \$2M, STAMIS TAC COM \$12M, MACOM ADP \$20M)		
ACCELERATE KEY WARFIGHTING SYSTEMS		
(\$277M: COMANCHE \$174M, CH-47D \$2M)		
OPERATIONS & MAINTENANCE		\$100M (\$98M)
DEPOT MAINTNENANCE		(\$66)
STRAT MOB		(\$11)
TITLE XI		(\$21)

ACRONYMS

A2C2S	ARMY AIRSPACE COMMAND AND CONTROL SYSTEM
ADDS	ARMY DATA DISTRIBUTION SYSTEM
ATACMS	ARMY TACTICAL MISSILE SYSTEM
BSFV-E	BRADLEY STINGER FIGHTING VEHICLE
CATT	COMBINED ARMS TACTICAL TRAINER
C2V	COMMAND AND CONTROL VEHICLE
DEUCE	DEPLOYABLE UNIVERSAL COMBAT EARTHMOVER
FAASV	FIELD ARTILLERY AMMUNITION SUPPORT VEHICLE
FHTV	FAMILY OF HEAVY TACTICAL VEHICLES
FMTV	FAMILY OF MEDIUM TACTICAL VEHICLES
GCCS	GLOBAL COMMAND AND CONTROL SYSTEM
GRCS	GUARDRAIL COMMON SENSOR
HMMWV	HIGH MOBILITY MULTIPURPOSE WHEELED VEHICLE
IFTE	INTEGRATED FAMILY OF TEST EQUIPMENT
ILMS	IMPROVED LAUNCHER MECHANICAL SYSTEM
IRV	IMPROVED RECOVERY VEHICLE
ISYSCOM	INTEGRATED SYSTEM CONTROL
JRTC	JOINT READINESS TRAINING CENTER
M4	CARBINE
MK-19	AUTOMATIC GRENADE LAUNCHER
MLRS	MULTIPLE LAUNCH ROCKET SYSTEM
MMG	MEDIUM MACHINE GUN

**P3I                  PRE-PLANNED PRODUCT IMPROVEMENT**

**SBIS                  SUSTAINING BASE INFORMATION SERVICES**

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: If each of you...were to suddenly be allocated an additional, say, \$1.5B to \$2B in funding for fiscal year 96, where would you deem it most critical to apply these new funds,...and also, I'd like to have you qualify your answer based on two different assumptions: that an add of this magnitude will be sustained each year for the next five years; and then in the alternative, that an add of this magnitude will only be sustainable for the next two or three years after which time the decline in spending would resume.

Admiral Boorda: If there were an additional \$1.5B to \$2B in FY-96 sustainable for the next two to three years after which the decline in spending would resume, I would apply the extra funding as follows:

- Procure an additional DDG-51 (\$650M) in FY 96
- Procure LPD-17 (lead ship) (\$1.14B) in FY 96
- Procure 12 additional F/A-18Cs (\$586M) in FY 96

If this funding were sustainable over the FYDP, I would apply the extra funding as follows:

- Procure an additional DDG-51 in FY 96 and FY 98 (\$586M/\$570M)
- Procure an additional 12 F/A-18Cs in FY 96 and FY 97 (\$586M/\$570M)
- Cancel decommissioning of 15 FFG 7 frigates through FY 01 (\$100-300M/year)
- Restore 5 F/A-18 squadrons (\$130M/year)

# Plus-Up Options

	<b>FY 96</b>	<b>FY 97</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>TOTAL</b>
<b>F-22</b>	200.0	0.0	0.0	0.0	0.0	0.0	200.0
Restores PDM IV cut to preclude \$950M-\$1.2B outyear costs.							
<b>Strategic Mobility</b>	0.0	400.0	-110.0	-253.0	170.0	-109.0	98.0
Funds a 3 year MYP FY98-00, and a 4 year MYP FY01-04 to complete a 120-aircraft C-17 buy.							
<b>F-15E Procurement</b>	361.4	337.1	297.4	0.0	0.0	0.0	995.9
Production based on procuring 6 additional TF coded and 12 reconstitution reserve aircraft (6/6/6) to sustain FY96 force levels. Option will zero reconstitution reserve in FY07 and rely on BA1 attrition until F-15E retirement.							
<b>F-16 Procurement</b>	175.8	173.7	179.1	182.4	185.9	191.8	1088.7
Funds 6 F-16/50 per year beginning in FY96. Funding delta assumes FY94 production termination closeout funding of \$43.9M is available in FY95 to fund advance procurement for the FY96 buy.							
<b>TSSAM Replacement</b>	12.0	25.0	30.0	50.0	100.0	100.0	317.0
Allows pursuit of replacement system for the cancelled TSSAM program							
<b>F100-229 Engine Spares</b>	64.4	61.4	12.1	0.0	0.0	0.0	137.9
Buys 16 spare -229 engines and funds critical mods to improve reliability and F-15/16 commonality.							
<b>TOTAL</b>	813.6	997.2	408.6	-20.6	455.9	182.8	2837.5

Point Paper  
on  
Joint Standoff Air-to-Surface Missile (JSASM) Program

- Secretary of Defense announced cancellation of the Tri-Service Standoff Attack Missile (TSSAM) on 16 Dec 94
  - Took all TSSAM AF funds FY96-01 to save \$2.1B
  - No funds provided for additional weapons to cover TSSAM target set
- In spite of TSSAM cancellation, AF and Navy still require precision standoff weapon to hold heavily defended, high value targets at risk; AF need most pressing, Navy near term need met by the Standoff Land Attack Missile- Expanded Response (SLAM ER)
  - Working acquisition details and operational requirements for follow-on conventional standoff weapon, tentatively called JSASM
  - Could be modification of existing missile or new development; schedule dictates minimal development since fielded capability desired for AF by 2001 (TSSAM initial capability was 2000), including limited capability for B-2 in FY99
- Preliminary JSASM acquisition approach:
  - Milestone 0 Defense Acquisition Board (DAB) in summer 95
  - 4-6 study contracts for cost and performance trade-offs to be awarded in FY96
  - Two contractors selected to continue in a pre-Engineering and Manufacturing Development (EMD) phase
  - Downselect to one contractor for EMD
- Requirements definition in process:
  - Mission Need Statement (MNS) in final coordination stages
  - Operational Requirements Document (ORD) in draft form, now in intitial ACC coordination
- AF needs FY96 RDT&E funding to get started on JSASM; estimate \$20-30M
  - Had planned to use funds appropriated for TSSAM remaining after contract termination liabilities are paid to provide initial JSASM funding; however, given HAC and SAC recissions for FY95, probable that supplemental will leave no excess
  - AF developing a funding line for JSASM in the FY97-02 POM
  - Navy involved with JSASM requirements development as a potential for post SLAM ER needs, but no funding identified

***AN FY 1996 BUDGET ENHANCEMENT LIST****\$ in Millions*

<b>Recruiting and Advertising</b>	<b>\$ 7</b>
<b>Equipment Investment</b>	<b>352</b>
Ammunition and Ground/Infantry equipment	
<b>Facilities Investment</b>	<b>241</b>
Maintenance of Real Property	176
MilCon	18
Base Operating Support	47
<b>Training &amp; Exercises</b>	<b>27</b>
<b>Quality of Life</b>	<b>95</b>
Family Housing Construction	51
BEQ Construction	7
Family Programs	37
<b>Depot Maintenance</b>	<b>54</b>
<b>Reserve Issues</b>	<b>32</b>
<b>Amphibious Support Ships</b>	<b>320</b>
Two additional MPF(E) ships	220
LPD-17 long lead items	100
<b>Aviation</b>	<b>881</b>
AH-1W (qty: 8)	101
AV8B Reman (qty: 14)	420
C-130J (qty: 4)	160
CH-53 (qty: 8) (Reserves)	200
<b>AAAV</b>	<b>40</b>

**Total** **2,049**

Although this is an FY 1996 list, amounts for FY 1997-FY 2001 would not be substantially different, with the following exceptions: MPF(E) ship requirements would be satisfied in FY 1996 and outyear aircraft procurement would progressively decrease as requirements are satisfied. Marine Corps ground procurement would grow over the years, buying more infantry/ground equipment. Family housing and military construction would continue to increase as we address long-standing shortfalls. MRP funding would ultimately decline reflecting progress in reducing backlogs.

The CHAIRMAN. General Mundy, do you want to go ahead?

General MUNDY. I vote for five also, Mr. Chairman; just so we are a team here. I think I would go along probably with General Sullivan's priorities and not largely different from Admiral Boorda's here.

I would attempt, first of all, to maintain what we have. I would procure, not big things. Again, as I mentioned just some of the fundamental things; sleeping bags, gas masks, night vision goggles, tents, truck beds; things like that, that are fundamentally important to our day-to-day operations. That would be my first year.

So, I think I would probably go with, not a complete equal split between the maintenance of real property of our infrastructure, certainly that, with a large portion of procurement money for the active forces in the smaller programs that we deal with.

I would also like to upgrade the Reserve. Our Reserve is a part of the total force and generally speaking, is pretty well right in step, in terms of equipment, with the Active Force.

We still have some deficiencies there that I would apply, I think specifically, the heavy lift helicopter. We do not have heavy lift helicopters in our Reserve heavy lift squadrons. So that would be important to us.

Military construction, again, as a separate category, but we are spending at the present time in order to replace the plant account of the Marine Corps. If we stretch this over 10 years, it would mean that we would spend about \$220 million a year just to replace buildings that need to be replaced, or sewage systems, or whatever it might be.

We are at the present time spending about \$75 million a year. So, I am spending about a third. I need to replace some things. If it were continuing, I would then attempt to accelerate some of the major programs that we have coming down the line.

We are buying the V-22. I am very grateful to this body, to my colleagues and to my civilian superiors for the fact that, that program is alive. We are buying it at the lowest possible rate. We constrained it to a level that it will take us, if we begin now, we will complete the V-22 by the year 2017.

We will be retiring the first V-22 when we are introducing the last one. So, we will already be getting out of them before we get them introduced.

Again, our major programs, the motor transport vehicle fleet. I mentioned the assault amphibious vehicle. That program was also slipped out about two years. That vehicle is 19 years old now. It will be about 35 or 40 years old when we replace it.

That is the primary armored vehicle that your Marines ride about the battlefield in. So, we just have a lot of major programs that we are moving to be able to afford, but we are not buying them at an economical rate.

We are not buying them at a rate that will indeed make us very active. Since my Navy colleague here has saluted the amphibious side of the House, I might try and flip some of my money over to the blue side to support those programs.

I think that, as he mentioned, the LPD-17, we need to get moving. I am of course—I believe that for the 12th big—the LHD-7. That is a near-term option.

It is not affordable within this budget at the present time. We could move that; a float-free positioning which the Army is doing very well in. The Marine Corps is also involved in that. We could use some expansion there.

If it was a one-time surge for the 3 years or so that you mentioned, Mr. Chairman, and then dropping off again, I do not think those priorities would change significantly. Constant money or surge money for 3 or 4 years would be about the same investment with me.

**General FOGLEMAN.** Mr. Chairman, I will answer first. One-year money in the main—my biggest priority in 1996 would be some modernization programs. First and foremost, we took a \$200 million hit in the F-22 program that, if it is not restored, it will cost us in the out years about \$1 billion. We would like to see that restored if we had near-term money.

Strategic lift; we would like to try and get through the decision process this year and be able to accelerate the resolution of the strategic lift problem.

The third priority that we would have I think in 1996 is, the U.S. Air Force is buying zero tactical fighters. We did not buy any last year. We are not buying any this year. In fact, the first production fighter we have coming down the road is the F-22.

So, if we had some near-term money, we would like to spend it on some F-15E's and some F-16's. That would ensure that the 20 tactical fighter wing force that we have built does not start to die due to attrition before we start getting replacement airplanes out there. That is the situation that we face now.

The fourth priority would be generally grouped as readiness, but a large part of that would end up being infrastructure. I think all of the services have sort of slacked off and pulled back awaiting the outcome of BRAC (Base; Realignment and Closure Commission).

So, all of us have kind of down-scaled our milcon (military construction), our infrastructure funding. We will be prepared as a result of the BRAC process, hopefully, coming to closure this year to spend more money; get back up on the step because this is quality of life, if you will.

Most of the programs that I have laid out for you would also extend out. We would not need any more F-22 money than what is in the budget. That is there. The airlift money, we could extend that out and buy more sooner.

The fighter buy for force life is something that needs to be done for a couple of years. Then the one issue that we have not addressed in the 1996 budget at all is the follow on to the TSSAM (Tri-Service Standoff Attack Missile), as a result of that being canceled.

We should, by the end of this summer, be through milestone zero or whatever you want to call it, son of TSSAM or TSSAM replacement. Hopefully, we will be in a position to start procuring those in the 1997 timeframe. Those would be my priorities.

**The CHAIRMAN.** Thank you very much. Mr. Dellums.

**Mr. DELLUMS.** Thank you very much, Mr. Chairman.

First, let me just say at the outset that I think this is an extraordinarily important hearing. Obviously, the discussion for the budg-

et for fiscal year 1996 is being framed at this very moment and will have significant impact upon the debate that will ensue.

In that regard, I would like to begin with a very general question to perhaps put a little balance to this. Then I would like to go to the issue of readiness and force structure and direct my question.

Any one of you might want to decide to answer this question, perhaps you, Admiral Boorda. It is a question that I would think that the American person would want to ask; the lay person. I have said on more than one occasion that we ought to spend what is necessary to defend our country, but let's have an honest discussion and an honest debate about what that is.

I would think that the American people would be willing to spend whatever is necessary on their national security. If you go back to 1993 which is the latest year that I have comparative data, we spent \$277 billion on our annual military budget.

Of the top 10 countries in the world, we came out No. 1. If you add up the military budget expenditures of all of the other nine, it comes to \$238 billion. Which means, we as No. 1, spent \$39 billion more than our next 10 countries combined.

This seems to me to communicate very clearly and unequivocally that we are a major super power and many times over. It seems to me that there is no set of countries that threaten our security over the foreseeable future. I underscore "foreseeable future."

With the dissolution of the Soviet Union, the growing economic interdependence of all nations, the emergence of new regional powers such as the European Union, the Asian Pacific Economic Co-operation Grouping, it seems to me that new thought patterns about military budgeting emerges.

Question. Given those realities of a rapidly changing world, why can't the American people, rather than a discussion of significant increases in the military budget, envision the possibility of commensurate significant decreases in our military expenditures, given that position?

Is the question straightforward?

Admiral BOORDA. I am sorry you mentioned my name first.

Mr. DELLUMS. Me too after I said it.

Admiral BOORDA. I am sure you would like to hear what General Mundy has to say.

Let me say that a part of it is steering your—a little bit, if I were to agree completely with what you said. The world is certainly different now.

Let us assume for a moment that it is a peaceful world and we can throttle back some. We do that by looking at what happened yesterday and assuming about what might happen tomorrow. I think we have done that.

Let me talk only about the Navy. In 1988, when I became the Chief of Naval Personnel, I was trying to get to 600 ships. We had a lock on both of those. You were funding it from here and the cold war was alive and well. That we had a threat, if we could not agree on, at least agree was there and then argue on the fringes of it.

Today, we are headed for 346 ships and a little under 400,000 people. I think that recognizes that we understand there is a difference. We need 15 carriers to maintain a full-time presence in

each of the hubs that are important to this Nation for both security reasons and for commerce reasons.

In fact, we are going to 11 active carriers and 1 reserve carrier. We are there now. I think that reflects that we see the world changes. I came from a job that was clearly different in the new world than it was in the cold war and that was Commander-in-Chief of the NATO southern region. We used forces in a very different way. In fact, the Air Force provided me an awful lot of force in that job. The most important part of it to me was transport.

It was C-130's, and C-141's, and C-5's some of the time; too big to land where we needed to go, but certainly supplied the people who then made those trips. We used combined forces to do both embargoes and no-fly zones which resulted in shoot-down of some aircraft.

We used joint forces. It was clearly different. We used Army forces on the ground in Macedonia that were not taking objectives, but rather showing a force in a place and tried to make it more peaceful.

Their training was as soldiers, but then it was also different to reflect the new time. So, I think what you are seeing is a budget that has been coming down now for 11 years. You are seeing a smaller military doing different things, but you are also seeing a world that is very troubled.

I will close this by saying, I was asked by a Senator the other day, I was talking about SSN-23, the *Seawolf*, and why we needed it so badly. I hope somebody will ask me. I cannot work it into this question. I have been trying to figure out how.

Mr. DELLUMS. I guarantee you somebody will up here.

Admiral BOORDA. The Senator said to assume that your submarine force is 10—what is Iran? I thought for not very long and I said, a 10. Then he said, how can that be? I said, we have worldwide responsibilities. They have to close off the Strait of Hormuz to really hurt us.

They just bought Russian quiet submarines. They are learning how to use them. They are doing pretty well. They are building up on the islands around the Strait of Hormuz. They have got a pretty good navy. They have got a real good air force and I am worried about them. They are a 10 for what they have to do.

Mr. Dellums, I think we need to be a 10 for what we have to do and that is the kind of budget that we are asking for.

General SULLIVAN. Mr. Dellums, I think that the strategy, at least the Bottom-Up Review, will provide this Nation what it needs for forces. I will only speak to the Army and tell you what I am seeking is stability in funding.

I think with a million men and women in uniform, the U.S. Army can do what needs to be done for this country as long as we have the enablers, the ships and the planes, to get us to the fight, modern equipment, training and so forth.

This country has a long sad history which members of this body have spoken about; a long sad history of taking apart great defense establishments and paying the price in blood the next time we are called out.

I think in this case, the kind of stability we are talking about is what we need to provide this Nation what it will need in the fu-

ture. It is hard to predict the future and how you are going to use your forces in the next century or tomorrow.

Like Admiral Boorda, my missions and the other Chiefs, my missions are up 300 percent, dollars down about 40 percent and the size of the Army 30 percent.

About 500,000 people have been taken out of the organization. I can tell you they are out doing what you want them to do each and every day. We need this level of funding or it is going to break.

Mr. DELLUMS. General Fogleman, I would like to ask you a question about force structure.

First, let me say, Admiral Boorda, the reason why I asked you first was because on our very first meeting, I was impressed with the fact that you seemed to understand that we were indeed in the post-cold-war world and understood that changes had to occur perhaps more significantly than perhaps some of my colleagues. So, that is why I asked you first.

General Fogleman, General Sullivan mentioned the Bottom-Up Review and force structure. I would like to direct a question at you because your opening remarks triggered this question. You were very pointed in your testimony.

As I read the Bottom-Up Review, it seems to me that the force structure of Desert Storm is being used as the building block for the force structure contemplated by the Bottom-Up Review. I have raised this question with a number of my colleagues, including Mr. Skelton. I would like to direct it to you based on what you said.

Is the force structure in Desert Storm the appropriate building block for the force structure, or should the Desert Storm experience be the building block?

The difference being, if you take the 500,000 troops and say this should be the building block for our major regional contingency and then extrapolate, which I think the Bottom-Up Review did.

Or rather you should take the experience of Desert Storm where it seemed to me that our expenditures, investment, research, technology and development produced extraordinary technological capability, in this gentleman's mind, perhaps redefining the battlefield for all time.

I think that Desert Storm was a glimpse into the future of war which, in my opinion, is increasingly becoming technological, Stealth capability, standoff capability, smart munitions, et cetera, et cetera.

My question is, should the force structure of Desert Storm be the building block for the major regional contingencies or should the experience?

It seems to me the experience shows that technology was far out in front of force structure. If we are looking for places to save resources, force structure is where your dollar-for-dollar spend-out is. That is your heavy expenditure.

You mentioned also that in the Air Force, you did not strap on a heavy force structure. You got out in front, perhaps 1 or 2 years in front, of everybody else, stripped down and then moved into other areas.

Is my question—do you understand it?

General FOGLEMAN. Yes, sir, I understand your question.

**Mr. DELLUMS.** Should that be the building block or should the experience be the building block? I think that has enormous budgetary and policy implications.

**General FOGLEMAN.** Sir, I think the two things that should be the building block are the experience and the strategy that we are being asked to support.

With the two MRC [major regional contingencies] strategies, with the timing that we have to meet, the time lines that we have to meet, and we have just met recently with the CINC's and had a very comprehensive discussion on this in terms of the adequacy of the force structure.

I think that you will not find that in either of the major regional contingencies are we looking at the kinds of numbers that we put into the field in the desert for Desert Storm.

Given the fact that we have got to put a very capable force into northeast Asia and then within 45 days begin to swing that force, that it makes it very difficult for certain elements of the force to swing; just the requirement to withdraw, refit, reequip, transport, and move.

Other parts of the force can swing more quickly. For instance, in the Air Force, at the time Desert Storm kicked off, Desert Shield, we were at 38 tac fighter wing equivalents. We were in the beginning of a build-down, but we really were still sitting there at 38 tac fighter wing equivalents.

Today, we are at 20 tac fighter wing equivalents. So that is 13 active wings and 7 reserve wings. The adequacy of our force structure in this situation is dependent upon our flexibility; our ability to go do the air war chores early on and very effectively, taking advantage of technology.

Then once we have achieved air superiority, to be able to withdraw some of those forces and head them off in the other direction so that they are available in the opening days or they are available to be deployed in the opening days of another contingency.

It is much more difficult to disengage land forces from that sort of thing to reconstitute and make the time lines. I believe, sir, that what we are really being driven by—we have tried to take advantage of the technology and a glimpse of the future where we can.

At the same time, we face this reality as both General Mundy and General Sullivan have reminded us, that ultimately we will have folks closing on the ground. We have to have adequate forces to do that. So, I think that is how we have been sized.

**Mr. DELLUMS.** With your permission, Mr. Chairman, let me just ask one last question on readiness.

I would first say to all of our distinguished witnesses that as you comment to it, I would appreciate it if I could get for the record a detailed answer.

The question has several parts. I am not going to assume that you can answer each one of them today, but I would like you to give us a general comment.

I prepared this question in anticipation of this meeting. Readiness of our forces to carry out the national strategy has been the subject of increased debate here in these chambers over the last year.

You are going to hear a discussion of readiness. We are going to know more about readiness than anybody ever wanted to know. We are going to try to out-ready each other. I mean, that is reality.

We are all very adult and mature people here. Readiness is on the table as a major, major issue. I would like to ask the mother of all readiness questions. As I understand it, we are going to have a hearing on readiness. That is going to be the sole subject.

I would imagine that you folks, as you stated in your opening comments about readiness, are prepared to deal with it in some general terms. Here is the mother of all readiness questions.

For the record, will you give us your assessment of the current readiness of our forces to execute the national strategy? Each of you have touched upon that.

[The information referred to follows:]

Answer. The Marine Corps is healthy and ready today. We continue to meet all commitments with operationally ready, relevant, and effective forces. However, we are stretched and at the current level of funding can only guarantee the continued "health" of the Corps through FY97. The Marine Corps is sufficiently manned, equipped, and trained to meet the deployment requirements demanded by the national strategy. Marine Corps readiness provides the nation a hedge against uncertainty and unexpected threats—an essential national tool to counter the ambiguous nature of today's security challenges.

Are the isolated incidents of readiness that we have been hearing about indicative of our capability to execute the national military strategy?

[The information referred to follows:]

Answer. No. These incidents you refer to can generally be attributed to three causes:

First, contingency operations are unbudgeted, so operation and maintenance funds needed to meet contingency requirements must be shifted from other training and maintenance accounts until supplemental funding is received. Delays in receipt of supplemental funds results in missed training and maintenance opportunities which cannot be made up.

Second, contingency operations are unplanned, so responding to contingencies causes some disruptions to programmed training progressions and deployment cycles.

Third, the natural perturbations of a restructuring force (such as the Marine Corps experienced in "downsizing" from an active component of 196,000 to our present 174,000) can generate short-term problems such as MOS and skill mismatches. Though these factors might create "pockets" of reduced readiness, the overall readiness and capability of Marine Corps to execute national military strategy has not been affected.

We have been hearing about these anecdotal incidents all over. Some of them, it seems to me, played way out of proportion and used for whatever purpose you choose to use them. I would like for you to take the opportunity to address the issue here.

How should we look at such reports of unreadiness? Are they real? Are they systemic? Is this blown out of proportion? Is this right on target? Are these driven by budgetary implications at the end of the year or is this what you are dealing with on a daily basis?

Are we at a point where we will see readiness fall off the cliff, as some have contemplated? What are the long-term trends? How do you link readiness to policy and budget decisions? Maybe I ought to throw in what is your definition of readiness?

[The information referred to follows:]

**Answer.** Anecdotal reports are real, but these reports may be selective, may not be representative of the whole force: Can be used as signals and indicators of potential problems if not acted on/corrected. Driven by contingencies. Funding is often an issue. Lack of timely supplemental funding to cover unscheduled contingency operations/deployments will usually show up at the end of the fiscal year. No trends to indicate a major decline in readiness over the past several years. However, there are concerns. In the long term, future readiness will suffer without investment, modernization, and procurement.

Marines are working harder to keep readiness high. Increased OPTEMPO and older equipment will result in a greater challenge to maintain equipment.

Policy and budget decisions have focused on maintaining high near-term readiness at the expense of other areas.

Readiness is defined in Joint Pub 1-02, under military capability. Readiness: "the ability of forces, units, weapons systems, or equipment to deliver the outputs for which they were designed (includes the ability to deploy and employ without unacceptable delays)." The Marine Corps utilizes a number of measurement systems including SORTS to assess readiness. The Readiness measures and assessment criteria are all based on the definition contained in the Joint Pub.

I am not sure everybody uses the same definition. That might be too complicated for us to decide on what is a legitimate answer.

I would appreciate it if you folks would address this issue of the mother of all readiness questions. We are going to hear it over and over. I would like at least for you to comment and give me a detailed response for the record.

I want to be ready when we enter this discussion in a very significant way.

We can start with you, General Mundy, and then move over.

General MUNDY. All right, sir, and I will expand.

Mr. DELLUMS. That is because you are on my left.

General MUNDY. All right, sir, I will expand for the record. The issues of readiness, at least those that pertain to the Marine Corps that have been highlighted in the news, are not in my view as a one-time occurrence, a war stopper.

Ours was highlighted primarily as having to do with the need to stop flying hours for a number of our squadrons at the end of last year. That is not a one-time stopper, but repeated, yes, we can wind up with air crews that are not ready, that are not trained and that are not as capable.

I think that eventually the answer in addressing readiness is that eventually we will have to tradeoff capability to ensure readiness. That is to say, we have got to give up, in the Marine Corps' case since about 66 percent of every dollar that we get goes to pay for people, the only thing that we have to give up is people.

If we give up people we cannot do the things that we are being called upon to do around the world today. That would be a fundamental answer. As I have said, we are ready.

The events that occurred last year are not war stoppers, but if they reoccur again this year, if the supplemental is not funded, for example, my part of the supplemental is 80 percent of the readiness money for the Marine Corps in the fourth quarter which means at about June 15, we are going to stop all but training for those very small units that are out around the world, if it reoccurs. It could become a major impact, I think, on our ability to fight.

Mr. DELLUMS. Thank you, General.

General FOGLEMAN. In the near-term, I think the anecdotal types of things that you are making reference to as General Mundy has said are not war stoppers.

I will try to address your question relative to the source of these problems because I really think they are threefold. The first is, many of these anecdotal situations that we have unfolding are a result of the tasking, the level of tasking, in conjunction with probably, and this may be too harsh a term, but in conjunction with a lack of foresight on our part.

That is, we had configured our forces for a lot of years to include our Guard and Reserve mix based on a cold-war model where many of the forces were postured to be mobilized and brought forward in wartime and were not envisioned to be engaged in peacetime operations on a constant basis.

So, we found ourselves engaged on a constant basis. We have found ourselves with assets that we had not properly resourced. For instance, the AWACS (airborne warning and control system) in terms of—there is a weapon system that has authorized 45 combat-ready crews.

Because we had kept this aircraft and its capability forward deployed and had been consuming the airframes, we were not training new air crews. So, we dropped to where we only had 26 trained air crews for the 42 authorized. What that means is the 26 crews are just going to be gone more and more. Then you get into this downward spiral.

The same thing happened to us in our airborne command and control aircraft. We got into a critical situation there. So, it was a combination of the tasking and the fact that we did not see this coming.

So, we were not in a position to start changing our priorities to either give more air crews or more training time to these kinds of weapon systems.

The way out of it now, of course, then comes down to the budget. Now what we need is the level of funding that will provide us greater access to airframes so that we can put more of them forward for tasking and at the same time have adequate numbers at home.

In a fleet, as you know, a certain number of them are always in maintenance, some are down for various things. So, we put money in the 1996 budget to try and increase the reliability and maintainability of the airframe so that they will be available.

We have also gone to the JCS, to the CINC's and asked for some temporary relaxation in tasking so that we can get these crews up and trained. So, there is a combination of those things.

Obviously, if these kinds of things occur over time, then as General Mundy has said, this will in fact degrade your combat capability of forces. When you are trying to operate with as smaller force structure as you can, we do not have a lot of flex.

We have bought into a certain amount of risk with this smaller force structure. That means for us, the force structure that we have needs to be ready and it needs to be capable.

#### READINESS

The Air Force views readiness as the capability of a unit, weapon system, or equipment to perform the missions or functions for which it was organized, trained, and equipped. The four critical components of readiness assessed by the Air Force are: personnel, equipment on hand, equipment condition, and training.

The Air Force utilizes four primary assessment criteria to gauge unit readiness. These include: Status of Resources and Training System (SORTS) which measures the subareas of personnel, supplies, equipment condition, and training; selected statistical indicators such as Mission Capable rates, Temporary Duty rates, backlogs, etc.; anecdotal information such as commanders' situation reports, competitions, exercise results, etc.; predictive models such as the Weapon System Management Information System, Funding Availability Multi-Method Allocator for Spares, and Logistics Assessment Model. We evaluate unit readiness on a continual basis and utilize all four criteria to collectively formulate an assessment of our current and forecast readiness status.

Is the Air Force ready today to execute the National Military Strategy? Yes. We took the lead in rapidly cutting force structure to meet Bottom-Up Review, Mobility Requirements Study Bottom-Up Review Update and Nuclear Posture Review requirements. In so doing, we freed resources to preserve readiness, support essential modernization, and provide a decent quality of life for our people. Currently, SORTS shows nearly 90 percent of our units are combat ready and possess the resources and training to accomplish their wartime missions. This percentage has remained fairly stable over the last 10 years. Over the past two years, 94 percent of Air Force units receiving Operational Readiness Inspections were evaluated as fully capable of accomplishing their combat mission. Our streamlined command structure improves contingency response, and a modernized force structure provides significant enhancements over our Desert Storm capability. The Air Force is ready today, but we have some concerns in recent trends in people, training, equipment, and modernization.

In several instances, these concerns are based on the type of incidents and anecdotal information referenced in your question. Slight reductions in the quality of recruits occurred in FY94, although we met accession goals and expect to meet them in FY95. Some personnel in high demand specialties are experiencing abnormally high deployment rates. Participation in contingency operations is having an adverse effect on our ability to perform peacetime training requirements. Fiscal constraints are limiting our ability to maintain the balance between readiness support, force structure, modernization and quality of life. While these incidents are all real and of concern to the Air Force, they are not indicative of an imminent plunge over the readiness cliff. The Air Force deals with these issues on a daily basis within the context of the overall readiness assessment criteria to determine appropriate adjustments which will preclude any degradation in our readiness levels. Readiness is a complex equation that requires continued balancing of several components—appropriate force structure levels, providing for today's force preparedness and making the requisite commitment to modernization to guarantee future relevancy.

Meeting our fiscal guidance levels required us to assume a certain amount of risk in each of the readiness components and continues an increasing trend begun in the FY94 budget. We have accepted a prudent level of risk; however, there is little to no margin for further adjustment. Quite candidly, in all our readiness components, I believe we have reached the point that any further reductions will clearly have an adverse impact on our ability to provide a ready force. The level of risk accepted, while prudent, also demands that we closely monitor developing trends. We have immediate concerns for quality of life, high PERSTEMPO, the impact of contingency operations on training, and equipment readiness. Timely supplemental funding for contingency operations is critical if we are to avoid a major impact on force readiness. For the future, we must insist on continued funding for our core modernization force structure sustainment programs. We cannot afford to mortgage tomorrow's readiness to pay for readiness today.

**Mr. DELLUMS.** Thank you, Admiral.

**Admiral BOORDA.** That was a very complex question. It was the mother of all readiness questions. It deserves a complex answer which I cannot give you this way. So, let me just attack a piece of it, the very near-term piece.

**Mr. DELLUMS.** Sure.

**Admiral BOORDA.** The first question I asked when you all began to ask the readiness questions, that you began to ask—and I think they are good questions that need to be asked and answered, and then any problems resolved, was ready for what? I think that is pretty important. Ready for what?

We decided internally in the Navy to answer that, partially answer it, this way. We get our tasking from the unified CINC's for the two major regional contingencies that the Bottom-Up Review was based on.

So, we decided to answer that question in one way. I will answer it in all of the ways for the record. We decided to answer that in one way by saying, are we ready to do what the CINC's war plans require us to do, with two major regional contingencies, the way the defense has structured us to respond to them, about 45 days apart; one going first then the other? Can we do that? Not only can we do that, but can we do that on a given specified day, usually 2 weeks ago?

So that you can really say, where was everybody? How ready were they? Could we have met the timelines from those war plans? That does not help you any about how you are going to be next year, but it does give you kind of a benchmark to start from.

I can tell you that on January 15, the last time we looked, and we will be looking at February this month, the answer is the Navy could have met the CINC's timelines for two major regional contingencies on time with ready forces.

It would have required jumping through some hoops, getting people ready to go that did not plan on going; all of those kinds of things you do if people are really fighting other people, but the answer is we were ready to do that and we did that in a retrospective look just 2 weeks ago. We do that every month.

My concern is not for that because we will do what we need to do to be sure that answer is yes. When we see that we do not think that answer is going to be yes in the near-term, we will be making a lot of noise inside the Pentagon, here, everywhere we can because that will tell you that you have—force, if I have to say no to that.

My concern is for the future. My concern is, how much do we demand of people in the day-to-day doing of the business that they have to do, although we are ready for major regional contingencies? I have no question about that in the Navy.

What is the demand that we put on people? One, to keep them ready, and two, to keep them out in the world in the places where I firmly believe they need to be; fewer places than during the cold war, but still out there.

It is that, that concerns me. That is the reason why we in the Navy are going to restructure our fleet this year to keep some of those smaller ships and use them to take the pressure off of the bigger and more sophisticated ones; to change the way we train slightly so that we do not train everybody for everything, but instead conserve some of their time at sea and train them for what we think they are going to do with a margin for safety in case they have to do more. The kinds of things you and I talked about over in Naples.

I think we can keep the Navy ready. I am not as comfortable about the future, the further out you get, as I am about right now, however. I will be happy to provide a much more complex answer for the record.

[The information referred to follows:]

"What is your definition of readiness?"

JCS publication 1-02 defines readiness as the "ability of forces, units, weapons systems or equipments to deliver the outputs for which designed." Further, "... readiness requires the right people at the right place and time with the right training; the right equipment and material in the right place and time; and sufficient support." The Navy uses this characterization of readiness to focus on preparedness vice capability issues.

"How do you link readiness to policy and budget decisions?"

Let me discuss Navy's efforts to develop a comprehensive readiness assessment system. In fact, 1994 could accurately be titled as the year of assessing military readiness.

We have taken tremendous strides in improving our ability to measure and manage readiness. As you are well aware, several significant studies have been conducted on military readiness—GAO, CBO, and Secretary Perry's own Readiness Task Force led by General Meyer. Using these studies as a starting point, Navy accomplished a great deal over the past year by refining readiness measures and indicators and improving our readiness assessment process and our ability to predict future readiness. Particularly, our efforts focused on four major areas: (1) Predictive Measures Of Readiness (PMOR); (2) readiness execution; (3) Navy's readiness assessment; and (4) participation in OSD/JCS development of a joint readiness system.

Since last summer, we have been developing better predictive measures of future readiness and a set of predictive measures to assess budget submissions. A flag steering group and a readiness working group from OPNAV, the fleet, our systems commands, and the Center for Naval Analyses was established. Interviews of senior leadership were conducted; previous GAO, Defense Science Board, and CBO readiness studies were reviewed; and numerous working group and flag steering group meetings were held in order to clearly identify existing systems measuring readiness and methods for predicting future readiness based on current metrics. Results of that effort were presented in October 1994.

The study confirmed that there is no singular measure of readiness which fully captures the broad spectrum of components which go into the overall readiness measure for any particular force or individual unit. It further concluded that the best overall picture of Navy readiness is obtained by measuring the following—personnel, training, aircraft, ships, munitions, installations, and optempo/force structure. Each of these measurement areas contains numerous sub-categories of readiness measurements consisting of both objective and subjective indicators. These measurements include: Status Of Resources and Training System (SORTS); critical skills fills and Navy force profile; recruit quality and retention/reenlistments; safety mishap rates; steaming days/flying hours; aircraft Mission Capable/Full Mission Capable rates (MC/FMC); Percent Operating Time Free of C3/C4 CASREPS (POTF); munitions inventory levels; critical Backlog of Maintenance And Repair (BMAR); force levels; optempo; and perstempo. These predictive measures are continuing to mature as experience is gained by using these metrics.

Second, we have scrutinized the way in which we manage the execution of our readiness accounts and we have increased fleet participation in readiness resource allocation decisions. Commander in Chief, Atlantic Fleet and Commander in Chief, Pacific Fleet have established a working group to review the results of our study on predictive measures. In addition, the fleet CINCs identify consequences of moving money and contingency operations. These inputs are factored into our readiness resource allocation decision-making process to ensure our cyclical-based management of readiness remains sound. It is important to understand that Navy readiness is managed on a cyclical basis—in other words, deployed forces which would be called in to fight first are maintained at or near the highest levels of readiness; those forces preparing to deploy next are nearing the highest levels; and those which would deploy in the more distant future are working toward eventual achievement of the highest levels.

Third, the Navy has established a separate readiness assessment in our annual Navy-wide assessment process. This extensive self-examination, across all platforms and programs, assesses Navy's projected overall readiness to ensure it is properly funded, identifying shortfalls and risks. Recommendations are made in support of the planning, programming and budgeting system to address these shortfalls.

Finally, Navy is working very closely with OSD and the joint staff to integrate and improve existing readiness systems and processes further. The Senior Readiness Oversight Council (SROC) and Readiness Working Group (RWG), established by Secretary Perry for top level coordination and oversight of DOD readiness activities, began last year. Each service chief reports regularly to the SROC on the service's current and projected readiness. In addition, the joint staff has significantly increased their role in assessing readiness as part of the Joint Warfighting Capabilities Assessment (JWCA) process. In addition to participating in the readiness

JWCA, the Navy participates in the Vice Chairman's Joint Monthly Readiness Reviews (JMRR). This brief by each service provides visibility of current and projected readiness status for both combat and critical strategic support forces in support of joint warfare.

"What are the long term trends?"

Our fiscal year 1996 budget is designed to support a Navy program that preserves current readiness. Maintaining the technological superiority we now hold over potential adversaries is absolutely critical for success with the smaller force towards which we are moving. Thus, our budget continues to modernize weapons, systems, and platforms, as we rightsize our naval forces to meet today's mission needs.

"Are we at a point where we will see readiness fall off the cliff, as some have contemplated?"

The pace and the high cost of supporting unanticipated and unbudgeted contingencies and commitments have the potential to hinder our efforts to maintain readiness. By their very nature, emergent contingency operations are unpredictable in scope and duration, and are not planned and budgeted in advance. If significant contingencies arise, and are executed without supplemental reimbursement, current budget projections are inadequate to support Navy readiness.

"Are the isolated incidents of readiness that we have been hearing about indicative of our capability to execute the national military strategy? How should we look at such reports (anecdotes) of unreadiness? Are they real? Are they systemic? Is this blown out of proportion? Is this right on target? Are these driven by budgetary implications at the end of the year or is this what you are dealing with on a daily basis?"

When unexpected operations occur, we have limited financial flexibility to support a higher tempo of overseas operations than expected and we must divert funds from other areas of the budget to fund current operations. For example, in fiscal year 1994, we had to take the following actions in order to address unreimbursed contingency requirements: defer ship supply and equipment purchases; defer ship inactivations; ground aircraft just returned from deployments; reduce flying hours for selected aviation squadrons; defer depot and intermediate level maintenance on ships; and postpone read property maintenance and other needed infrastructure investments. The bottom line is that the cost of operating the fleet consumes all our available resources, and when contingencies arise, we are forced to rob other accounts to pay for current readiness.

"For the record, will you give us your assessment of the current readiness of our forces to execute the national strategy."

As stated before the committee on 22 February 1995, the Navy currently has ready forces capable of executing the national strategy.

**Mr. DELLUMS.** Thank you very much, Admiral. General Sullivan.

**General SULLIVAN.** You use the Army to fight your wars. You can tell people to do things. You deter war. We support what the Guard, and Reserve, the Active Army and then we reassure our allies. We have done all of those within the last 4 years.

A short answer to your question; the Army is ready. The Army is ready to perform those four functions. Now, are the readiness reports real? Yes; they are real. The readiness reports come up from the bottom and they are directly related to resources, dollars, time, people, equipment available, and equipment readiness.

Now, readiness in the case of the Army, as I think in the case of the other services certainly as General Mundy mentioned, is going to fall off the table here in the last quarter. I am spending fourth quarter money right now to keep the readiness up.

We need the supplemental. I cannot stress that strongly enough. Readiness will fall off the table at the end of the year in the U.S. Army unless the supplemental is passed.

Now, let me answer. I am just going to touch on this because it is very complex. The Bottom-Up Review, two MRC's, 45 days between the first one and the second one makes the assumption that we must have the enablers.

The enablers are the ships and the planes. Each of the Service Chiefs responsible has spoken to those two enablers. We must have

the ships and planes to get the force to the fight. We also must have the money for training, people, and ammunition which each of us has spoken to. That is long-term readiness. That is the long-term readiness of this force.

The Bottom-Up Review force must be enabled so that we can in fact do what you want us to do, in the case of the Army, with 1 million men and women in the uniform of the U.S. Army, Active Guard and Reserve and the civilians who support us.

In any rate, the bottom line of all of this is I, like the other Service Chiefs, can do what you want me to do, given the four ways that you use me because you are using the Army to do that today. The only thing we are not doing today is fighting anyplace; at least I do not think—at this moment we are not.

[The information referred to follows:]

America's Army today is trained and ready to fully support the national military strategy. As always the Nation can continue to count on the Army to answer the call to provide prompt and sustained land operations.

Although sincere, comments in the media and gathered by personal interviews are anecdotal, and when viewed out of context, are misleading. Our present system is reliable because it is a "grass roots" system that relies on data collected from units, independent of individual opinion. The readiness reports of the 4th Quarter FY94, for example, very accurately describe the degraded states of readiness. They were right on target in describing the implications of funding shortfalls on readiness caused by a year's worth of unprogrammed contingency operations. We are still dealing with these implications as they continue and carry over from last year. That's why we need approval of the FY95 supplemental.

The Army is not now in jeopardy of falling "off the cliff" of near-term readiness. Recovery from low readiness experienced during the 4th Quarter FY94 is proceeding with projected improvements in the short term. The key, however, is in receiving the Army's share of the Emergency Supplemental for FY95. The impact of not receiving it will be an Army-wide decrementing of Operations and Maintenance accounts. This could jeopardize near-term readiness. The Army does not expect a decrease in near-term readiness due to funding in FY96 unless there is another diversion from training accounts to pay for contingency operations, or the underfunding of other accounts.

Long-term readiness for the Army, however, remains fragile. Sufficient funding of current readiness accounts depends on the sacrifice of future programs in modernization and procurement. In effect, the Army is "mortgaging the future" to pay for readiness today. Programs are being stretched to uneconomic production rates. There is barely enough funding now to preserve the research and development for Crusader and Comanche, the Army's only "new" systems. Also of concern are infrastructure revitalization and support for base operations. Long-term infrastructure and quality of life accounts must have sufficient stable funding to ensure the power projection capability of CONUS bases, and sustainment of other essential programs such as retention of quality soldiers, maintenance and repair, and Whole Barracks Renewal.

Linkage between readiness policy and budgetary decisions occurs at several levels. That linkage is evident in the Program Budget and Execution Cycles with the funding of some departmental programs at lesser levels to ensure the satisfaction of others that support near-term readiness. Linkages are also evident in Army resourcing strategies that emphasize priority to "first to fight" forces, with the expectation that their readiness remains the highest.

The Army defines readiness as the capability of a unit to perform the mission for which it is organized. It's our duty, to enable that unit to perform that mission, by resourcing it as completely as possible.

**Mr. DELLUMS. Thank you.**

**The CHAIRMAN.** Thank you very much, all of you gentlemen. Mr. Hunter from California.

**Mr. HUNTER.** Thank you, Mr. Chairman. I have got a series of questions; kind of a laundry list here, if we could go down it with respect to modernization.

I want to ask one question that I will ask you to answer when I get finished with this list. That is simply, is the Operations TEMPO that you are experiencing today greater than in the last years of the cold war?

That is just a general question. Let me go first to General Sullivan and ask you about some systems. We have significantly increased our budget for digitalization of the battlefield. You have described it as an important step to take in the modern era.

Under Secretary of Defense Kaminski has criticized the program for lack of sufficient field testing, and a determined configuration and priority of information processing.

Could you tell us—I want to run through this list of questions, but the first question for you, General Sullivan, is could you give us just a short update on where you think digitalization of the battlefield is going?

What kind of a funding program would you like to see for it and if you are having problems with DoD with the order of that program?

Second, you have talked about the Comanche helicopter and the need to move into the Comanche quickly. Yet this budget has pushed the Comanche farther out into the out years. The sub-questions on that are, has the Army's requirement to address the long-standing deficiency for day, night, all weather, rapidly deployable armor, recognizance helicopters been changed or fulfilled by some other program?

Second, what is going to replace the AH-1 Cobra and the OH-58 Kiowa?

Last, the third question for you, General Sullivan, is I understand that the Army has its own ammunition report that states basically that you have got about 50 percent of the funding profile that you have under this President's budget will give you roughly 50 percent of the ammunition stocks that the Bottom-Up Review requires.

Next, Admiral Boorda, as you know this administration has cut procurement by about \$9 billion this year over what they said last year they would be asking for this year. That touches a lot of your programs.

Let me go first to the FFG-7's. You are going to delay retirement of those FFG-7 frigates. What establishes that requirement admission for those additional ships? Do you anticipate having sufficient LAMPS, anti-submarine warfare helicopters, to equip the additional FFG-7's that are retained?

Second, with respect to *Seawolf*, what is the operation requirement for the SSN-23? What are the industrial base alternatives to authorizing construction of a third *Seawolf*?

Last, why isn't the alternative of competing construction of this submarine being considered? You might talk a little bit about the new attack submarine, if you want to with respect to that question.

Let me ask, Admiral Fogelman—excuse me, General Fogelman. I am trying to promote you into my favorite service in San Diego. You have talked a lot about the lift requirement. With respect to the alternative aircraft, the C-17, your budget has been cut by this administration.

With the remaining dollars that you have got in that program, which are not a lot, what can you do? I understand that although we do not have the C-7 report out yet, I understand that it requires something like 140, C-17 equivalents. How are you going to get there?

Second, with respect to the B-2, could you give us an idea of where you think the bomber requirements are going to be; what you think they are going to be? I understand we have got studies out. What alternatives do you have in mind at this point?

Tell us a little bit about the B-2 deal that has been offered by Northrop; if you could describe that deal a little bit.

Last, General Mundy, you mentioned some pretty basic requirements. You have talked about needing sleeping bags, gas masks, et cetera.

The gentleman on the other end of the table from you has gone down from 18 active divisions to roughly 10, which common sense would tell you generates an enormous surplus of basic equipment like sleeping bags, gas masks, et cetera.

I guess my question is, Have you been talking and can you access what equipment results from that massive draw down?

Gentlemen, thank you.

General SULLIVAN. I am going to give you a short answer here. I'll put it on the record. Missions are up 300 percent since the end of the cold war; straight, flat 300 percent. The Army has issued 703 Purple Hearts since the end of the cold war. That is more than we issued during the cold war, except for Vietnam and Korea.

It is dangerous business and we are using these men and women a lot and they are working hard. The digitalization of the battlefield is, as you know, all encompassing. I will put something in the record on this.

Let me just say that the Department of Defense, Dr. Deutch, Dr. Kaminski has really just arrived. Dr. Deutch the Deputy Secretary and Dr. Perry have been very helpful in our efforts to do that.

Essentially speaking, what I am trying to do is product improve existing capital goods with technology insertion and link the systems on the battlefield so that I can in fact use scarce resources more effectively; make the M1 tank, the M1A1, the M1A2. On the subject of the Comanche; the Comanche requirements still exist. The Comanche, the Apache Longbow, that is the C and D model Apache. The Chinook and the Blackhawk will be the four helicopters in the Army. The other helicopters will go away. We will retire them.

I must have the Comanche to modernize this fleet to do what we need to do. Quite frankly, I need dollars. It is a question of resources. In accordance with the Department of Defense priorities and my own priorities, I maintain near-term readiness. To do that it took the procurement money out of the Comanche line.

As General Mundy said, if I got the money, if I had more money what I would do is accelerate the procurement of the Comanche. The requirement is still there.

Mr. Hunter, that is a 21st century weapon system. It is built by 21st century technology, manufacturing technology. This is a world class weapon system. I must have it along with the advanced field artillery system.

Our ammunition must be revitalized. I answered the Chairman to his question of what would I do if—you know, what would you do if I gave you a billion dollars? I would put \$500 million of it into modernization.

A very large chunk of that includes revitalization of the ammunition we have and procurement of ammunition. We must have conventional ammunition in addition to the smart munitions. A lot of it is conventional ammunition.

[The information referred to follows:]

#### OPERATIONS TEMPO

The Army has seen a 300 percent increase in operation deployments since the end of the Cold War and it continues to increase. Average weekly soldier deployments, not including Combat Training Center rotations and CONUS support to civilian authorities, increased from 16,023 during FY94 to 22,898 during FY95. When the Nation has called, the Army has been ready. In the last year, American soldiers have upheld democracy in Haiti, faced down a new threat to regional stability in Southwest Asia, delivered relief operations to Rwandan refugees in Zaire, conducted a peacekeeping exercise in Russia, reinforced peace in the Sinai, supported refugees in the Caribbean, protected United Nations operations in Somalia, treated the wounded in Croatia, demonstrated resolve in Macedonia, and deterred aggression in Korea. This is not without cost. Since 1989, the Army has awarded over 700 Purple Hearts to soldiers killed or wounded in combat. We have awarded Combat Infantryman and Combat Medic badges for three different operations and have added four campaign streamers to the Army flag. Another 114 soldiers have lost their lives in noncombat incidents as part of our deployed forces. In addition to these operations, the Army has reinforced the peace and maintained US overseas presence with 125,000 troops based in Europe, Korea, Japan, and Panama. American troops also have served the Nation at home—providing earthquake relief in California, fighting forest fires in the American West, assisting flood victims in the South, and helping to stem the flow of illicit drugs into the United States. With a smaller force, the burden of these missions falls increasingly on the same soldiers and units; the average American soldier now spends 138 days a year away from home. This tempo is demanding—and has at times adversely impacted the Army's training and readiness.

#### DIGITIZATION OF THE BATTLEFIELD

Digitization will enhance the information capabilities of the systems and equipment already in the field, through the process of horizontal technology integration, to produce synergistic effects in equipment capability, performance, and overall combat power. The second part of the transition toward an information based Army is making fundamental changes in the way we gather, analyze, distribute and act on information. As we move from analog to digital systems we will begin to harness the power of the microprocessor—the power not only to move massive amounts of data, but more importantly, to communicate concepts and battlefield awareness across the entire Army.

Our tactical units will use information-age technology to enable us to maneuver faster and mass fires more effectively. Individual weapons systems will be more potent. Digitization of the battlefield will allow commanders to synchronize all elements of combat power with devastating effect. Shared situational awareness, with every soldier knowing where he is where his comrades are, will improve our command and control on the move and increase our operational tempo even as it decreases the potential for fratricide. Tactical units organized and trained to exploit information-age technology will be more agile, more versatile, more efficient, and much more deadly.

Currently, the Army is on track for a brigade level digitization experiment in February of 1997. The folks who are executing the program are doing a great job with the funding they have. The Army's digitization program is executable, but more money would enable us to reduce risk, accelerate experimentation and permit more in-depth experimentation. Additionally, a broader range of commercial products could be investigated.

As far as DoD is concerned, Dr. Deutch, the Deputy Secretary and Secretary Perry have been very helpful and supportive.

### AVIATION MODERNIZATION

No. The RAH-66 Comanche is the only Army program to address the armed reconnaissance mission area deficiency. It is the Army's number one long term modernization program. Findings and recommendations from the 1990 Comanche Cost and Operational Effectiveness Analysis (COEA II), 1990 Office of the Secretary of Defense Major Aircraft Review, and the 1993 Office of the Secretary of Defense Bottom Up Review concluded that Comanche is the most operationally and cost effective alternative to correct the armed reconnaissance deficiency.

The RAH-66 Comanche will replace all AH-1 Cobras and OH-58 Kiwas in both the active and reserve components. The total Comanche requirement is 1423 with a projected resourced quantity of 1292.

Yes. The Army is pursuing an Early Operational Capability consisting of two prototypes and six user evaluation aircraft within the constraints of current Program Objective Memorandum funding. The Early Operational Capability (EOC) aircraft concept is designed to put reconnaissance capability into the hands of the user as quickly as possible, within funding constraints, for testing, evaluation, and development of operational tactics, techniques, and procedures. This Early Operational Capability program allows two years of user evaluation with over 3800 test hours followed by an Operational Test and Evaluation which will lead to a production decision.

### AMMUNITION

The Fiscal Year 1996 Army ammunition budget provides the best balance of training and war reserve procurement consistent with Army priorities and available funds. It also addresses industrial base and demilitarization needs which are an important component of the total ammunition procurement picture. The fiscal Year 1996 budget: fully funds training ammunition; provides modest funds for war reserve modernization and production base support; and funds an aggressive demilitarization program.

The Army conducted an Ammunition Functional Area Assessment in early 1994. This assessment established the resourcing goals for the Army in the conventional ammunition area. A summarized version of this assessment was provided to congressional offices last year. The Army, working with the Office of the Secretary of Defense and Congress (through plus-ups to the Fiscal Year 1995 ammunition budget), has reduced its shortfalls in ammunition. However, the Army is still short \$2.5 Billion from its assessed goals in Fiscal Year 1996-01. This shortfall in funds includes training ammunition, war reserve modernization, ending the reliance on war reserve stock to support training for selected items, support of the industrial base, and reducing the growing backlog of ammunition to be demilitarized.

**Admiral BOORDA.** Let me answer your specific questions in a very specific way. You asked is OPTEMPO experience greater than in the cold war?

The total number of days that ships are underway in a year is less than in the cold war. The problem for us, of course, is that we have come down in size even as the requirements have come down. We have kind of hit the bottom on requirements and kept coming down in size of ships.

For the individual ship or individual sailor, the time away from home in 1994 was greater than in the cold war. You were spending less money as a nation. We had less ships underway, but we had a greater percentage of this smaller number underway. We have got to do something about that. We cannot let that continue.

That leads to the next question. We set some very real goals for ourselves. They are not goals. They are ceilings. People are not going to be underway more than a certain amount. That is our OPTEMPO and PERSTEMPO system.

We have redesigned our deployment schedule so that people are not underway more than those limits. We expect to be underway. That is what navies do. Today, 86,000 people are underway.

We need to keep their time away from home at no greater than half of their time and we need to be sure that they do not go away from home for more than 6 months at a time without coming back home for a rest period for about a year or more. We are able to do that with this force, if we keep those FFG's, which leads me to the next question.

I wanted to keep the FFG's so that I could ease the personnel TEMPO and the TEMPO on the equipment sufficiently to avoid those OPTEMPO breaks that we all know will lead to a hollow force. I think we can do that.

That does mean keeping those ships and coincidentally, keeping 15 more of them than we would have kept happens to get us back to the Bottom-Up Review number. Somebody did their math pretty well when they did the Bottom-Up Review.

We had decided to go down to 330 ships. I think that probably was not a good decision. I am working to reverse that. That is why we are keeping the FFG's. The LAMPS helicopters for those FFG's would cost us more money; money beyond what I have budgeted.

We plan, in a normal operation if those ships were doing battle group operations in the Persian Gulf, for example, to have two LAMPS helicopters on them. We are going to review that because some of the missions they do, they may be able to do quite nicely with one; counterdrug operations, for example.

The kinds of things they did off of Haiti; picking up refugees; providing support to the Army and Marine Corps ashore. They may not need two LAMPS helicopters for that like they did for a heavy ASW (Anti-Submarine Warfare) environment.

So, I think we might be able to, in fact I am sure we will be able to, structure their mission to save some money there and also ease the pressure on the rest of the fleet.

Let me move to *Seawolf*. Really, I would like to add another part to your question and come back and talk about surface shipbuilding too.

With respect to *Seawolf*, I know you understand the financial business-based arguments. The operational argument goes like this. The Russians have today six submarines, half a dozen submarines, that are quieter than the 688-I, than our best submarine at sea today.

It makes sense for us to have a *Seawolf* quiet submarine out there. We cannot afford to keep up with the Russians right now, but we should be building ships that are quieter than them.

This is the first time since we put *Nautilus* to sea that they have had submarines at sea quieter than ours. As you know, and most of the members of the committee know, quieting is everything in submarine warfare.

We will build three *Seawolf* submarines if you approve the budget. Then we will go to the new attack submarine. There were lots of different things we could have done 4 or 5 years ago when we were thinking about SSN-23; maybe even 3 years ago, but we did not do those.

What we chose to do, we collectively, the Navy, the administration and the Congress, was to begin to fund SSN-23 and do it with the idea that there would be two nuclear capable shipyards; EB (Electric Boat) in Connecticut and Newport News.

Newport News would build carriers. EB would build submarines. We funded it that way in the 1994 budget with \$900 million of advanced procurement for SSN-23. That money has been spent and those parts are arriving. We cannot get that money back.

It takes about \$1.5 billion to finish SSN-23. We have already paid \$900 million. If we do not finish SSN-23, it is going to take a good share of that for contract termination and to keep either EB alive to build the new attack submarine in 1998, which is what we planned, or to regenerate that capability someplace else. It is not free.

In the Bottom-Up Review and in a later Rand study that looked at the Bottom-Up Review, they said, you are going to pay for the SSN-23, or a good share of it, whether or not you get the submarine. You can either pay the money, a good portion of it and not get the submarine, but keep the industrial base going, or you can pay the money, keep the industrial base going and get the submarine.

Given that the Russians are fielding and have at sea a half a dozen, and are going to do a half a dozen more by 2010, submarines that are quieter than the 688-I, kind of makes sense to me and did to you last year or in 1994 when you funded it, to go ahead and buy that submarine as a bridge.

The next part of your question, and it leads into it well, is why couldn't we compete that? Well, it is too late to compete the SSN-23. We either buy it or we don't. We are working with EB and Newport News is supporting them. They are doing all of the design work.

What about the new submarine, the new attack submarine in 1998? Why couldn't you compete that? The answer is you could, but you can't do it right away. We are not building enough, whether it is airplanes that Ron is talking or F/A-18's. We are only buying 12 this year.

We are not building enough to make things economical. We are building enough to keep things going and get what little we need. In the case of the new attack submarine, if we build two a year, there would be a need and a desire, I believe, to compete that between the two shipyards.

I think we would save money. I think we would have a better industrial base, but that does not happen for awhile. That in the current budget, does not happen in the current planning, does not happen until early in the next century.

I have no problem with competing; none at all. In fact, I like that way of doing business. It will make me make a comment in a minute about the PDD-51, but there has to be something to compete.

Right now, we cannot compete this submarine. We either buy it or we don't. We pay the money anyway. There are not enough new attack submarines to do that at the start. I think there will be later. I hope that we can do that. I think we need to have a dialogue between the people involved in that endeavor.

Finally, the exact same thing applies to PDD-51. We were buying six a year for awhile. That was one of the most successful programs in defense because of that. It was coming in under cost and

even early. The two yards that were competing were both building things and doing it the best they could.

Now, we have gone to three and finally this year, in the 1996 budget, to two. That will drive up the cost. It makes it very hard for two yards to compete with each other and produce, from what I sense from your question, the very attribute you like from competition.

I have stopped short from saying we ought to fund it with the current amount of money. I did not stop short of saying that in answer to the chairman's early question that if I had some more money what I would do is buy more ships and airplanes to get it economical and let people compete for them.

I hope I have answered your questions.

General FOGLEMAN. For the first question relative to OPTEMPO, like Admiral Boorda, my answer is caveat with the following. In the aggregate, we are a smaller Air Force; 34 percent smaller.

If you were to look at one measure or merit, overall flying hours, in the Air Force we are flying less hours overall. However, if you were to look at certain weapon systems like the C-5's, the 141's, the lift birds that have been engaged in all of these contingencies, we have been overflying our program flying hours in these aircraft.

So that OPTEMPO is certainly up over what it was in the cold war period. If you were to go look at Personnel TEMPO, because we are 34 percent smaller, we find that we have been deploying people at a rate four times what we did in the cold war.

So, the OPTEMPO, PERSTEMPO issue is a real one because we are smaller. Relative to your direct questions on the C-17's, I am not so sure that I fully understand the question because you implied, sir, that there was not money in the outyears to perhaps buy the C-17 in the budget.

If you will remember what we did is, because the commitment was for 40 airplanes, we have funding identified as C-17 procurement money through the 1996 President's budget. Then in 1997 and beyond, that money was identified in a generic line called strategic airlift which could then be spent for either the C-17 or the nondevelopmental airlift airplane.

But it is fully funded across the program so that if the decision were made to go ahead and buy 120 C-17's that the dollars are in fact in the program.

Mr. HUNTER. I was referring to the \$400 million deletion in the 1996 budget from the NDAA, nondevelopmental airlift.

General FOGLEMAN. Yes. That \$400 million was basically deleted for two reasons. One, overall budget pressures and, two, since the decision on the NDAA is tied to the Defense Acquisition Board that will meet in November 1995, we will already be into the 1996 year.

In that 1996 budget, still remaining, we have \$183 million that can either go for advanced buy of C-17 in 1997 or NDAA. The fact of the matter is that those dollars are kind of fungible. So, it was no backing away from NDAA or no backing away from airlift that resulted in that \$400 million coming out, sir.

Relative to the B-2 question, I quite frankly do not have any indication yet from Dr. Kaminski on how the B-2 Study is going. It has been my position that I want to withhold any judgment or statements until I see how that process is unfolding.

The alternative though is if we do not buy B-2's that we will stay with the bomber road map that we have now, which envisions using the B-52's of which we will keep in inventory a total of 66 which meets the minimum under the Nuclear Posture Review, as well as gives us the conventional capability that we need.

We will keep the B-1 fleet. In the near term what we will do is reduce the number of those airplanes that we are operating so we can take that money and put it into the Conventional Ammunition Upgrade Program for the B-1. That will make it capable for the things it needs to do.

The third leg of the bomber roadmap, of course, is to complete the buy and fielding of the first 20 B-2's and to put the conventional capability into those airplanes. So, that is kind of where we are going there.

Relative to the Northrop offer, or the Northrop deal; while I have not seen a formal proposal, I have, of course, been briefed on their proposal. They briefed us basically on buy one and a half aircraft per year or buy three aircraft per year.

The cost per aircraft if you buy three aircraft per year, the Northrop cost that has been quoted widely is what we call the recurring fly away cost, \$570 million a copy. What recurring fly away includes is all of the hardware, the software that goes in the airplane, any change allowances, any program management fees that are associated with production.

The Air Force thinks that dollar-to-dollar comparison ought to be about \$642 million. The reason is we think that they have understated the sustaining production costs, contingent liabilities, and some engineering change orders.

If you are looking at that number, Northrop says \$570 million. The Air Force thinks it is \$642 million. If you go to one and a half aircraft per year, comparable numbers would be, Northrop would say \$720 million a copy and the Air Force thinks that would be \$829 million a copy. So those are kind of apple-to-apple comparisons.

As you know, this is a firm fixed-price offer, or at least that is the way it was presented in the briefing; 20 aircraft delivered over several years. That is fundamentally the package that was put together.

General MUNDY. I will be brief, Mr. Hunter.

Last year was the busiest year in terms of Operations TEMPO, Personnel TEMPO, Deploy TEMPO for the Marine Corps since World War II in a peacetime year.

When I got here 3 years ago and started trying to surface this fact that we were going to cut the Marine Corps too far, I told you that on a day-to-day basis we had about 24,000 marines that generally were in motion away from home based overseas for extended periods.

We average about 27,000. We got up to about a high of about 28,500 last year. We are today at 25,300 marines that are again doing their business around the world. We are 22,000 fewer. So, we have not been cut as much in personnel. We have stabilized at a force level that is working hard, but is being used hard.

I would offer also that the people that are doing this, while they are on occasion stressed, last year you will recall because it made

the news here, we were one of the amphibious ready groups and marines that were over in the Persian Gulf off of Mogadishu.

We came back through the Mediterranean, back into home port, got 2 week's leave, reembarked and went back to the Caribbean for another 6 or 7 weeks. They were very proud to do that. That is one of the good things about the American youth. Yes, it is hard at home, but they were glad that they were called. So, we are doing what you hire us to do.

With regard to the equipment, I do not think we have ever, at anytime that I know of, if we extended a hand of need to the U.S. Army, when they have not given us back what we needed.

I made reference to sleeping bags. Those are expendable. You use them. You issue them. They get worn out. They get torn up and you have to replace your stock. So, that might not be the best example.

I am sure today if I went to Gordy Sullivan and said we have got a battalion that is out of sleeping bags and they are headed somewhere, I am sure that I would get those from the Army, but we seek—is that right?

General SULLIVAN. Yes.

General MUNDY. See, I got it right there. That solved the sleeping bag problem, now on to the next. The point is we have to build and maintain stock in some things; night vision goggles.

None of us I think are fully equipped with the latest version of NVG's [night vision goggles] and what not. So, there are some things that, if it were a crisis, we could get.

In terms of having stock levels for replenishment, replacement, those are going down. We are not buying at the level we ought to just to maintain the issue room adequately.

The CHAIRMAN. Mr. Montgomery, it is all yours now.

Mr. MONTGOMERY. I am still here.

Thank you, Mr. Chairman. I have two questions that I would like good answers, but I would like to keep it within 5 minutes. We have got to have consideration for these other Members. I want mine within 5 minutes.

In my opinion, you are doing great as Chiefs of using the National Guard and Reserve. You are making the total force work and I want to commend you. You are using the Guard and Reserve.

However, the numbers I received from the Office of the Assistant Secretary of Defense for Reserve Affairs, for our newer Members, it shows for 1995, the National Guard and Reserve will make up 38 percent of the total force and will be receiving 8 percent of the defense budget. So, it is a good buy for the taxpayers.

My question is to General Fogleman. I have been told that the Air National Guard continues to have cuts in the general purpose fighter force in the 1996 budget. You have moved from primary aircraft from 24 or 18. You have moved that down to 15 aircraft in each unit.

Now you are talking about going to 12 aircraft; from 18, 24 down to 12. I have been given the figures to show that at a cost of only \$14 million in personnel and \$45 million in O&M equipment you can keep 15 aircraft in these units.

My question is, If the funds were available without impacting on the Air Force would you agree that it would make sense to main-

tain Air Guard units at, at least 15 PAA's and possibly even robust them at a later date?

General FOGLEMAN. Sir, I think that it makes sense to keep them as efficient as we can. What we tried to do when we were looking at the overall downsizing and trying to live within a 20 tac fighter wing cap was one, trying to keep flags alive because we think it is very important that we stay engaged with the American public out there.

So, as we did that, we looked around to see what we thought an efficient size squadron might be in terms of downsizing. It turns out that the Navy and the marines generally operate squadrons of this size.

The Air Force historically, because we have had a different perspective, has operated 18 or 24 PAA squadrons. What we are seeing is a departure from what has been the cold war model for the Air Force moving into kind of a post-cold war perspective.

To directly answer your question, if I had free money and I was not being asked to trade something else off to do it, it would make sense to keep the squadrons large, more standardized. On the other hand, given the constraints that we have had I think that a 12 PAA squadron may not be a bad operation.

Mr. MONTGOMERY. I kind of think it would. Would you look at those numbers again?

General FOGLEMAN. Yes, sir.

Mr. MONTGOMERY. I appreciate it.

My second question is to General Sullivan and back to you, General Fogleman, about reinventing government, across-the-board cutting of technicians for the Army, the Air Guard, the Army and Air Reserve.

The figures I have show that the Army Guard cut for fiscal year 1996 is about 1,600 technicians and they could be retained for only \$12.5 million because of some offsetting savings in transition funds. The numbers for the Air Guard are about 600 technicians and less than half a million dollars to keep those technicians.

My question is, If the reinvent government cut was not applied to this program, do you agree that costs are small compared to the possible impact on readiness? That is what we were talking about when we were talking about readiness. You are taking the heart and soul out of us when you eliminate these technicians in the Guard and Reserve.

General SULLIVAN. Yes, I do.

I do not need to tell you this. It is very complex. Can I answer the question for the record on the technicians?

Mr. MONTGOMERY. Yes, if you give me a pretty good answer.

General SULLIVAN. It is directly related.

Mr. MONTGOMERY. I have been around here long enough, when you put it in the record, you are doomed. If you want to do it, OK.

[The information referred to follows:]

#### MILITARY TECHNICIANS AND RESERVE COMPONENT READINESS

Reserve Component (RC) Military Technicians (MILTECHs) provide direct support to units and greatly enhance their ability to meet the warfighting mission of America's Army. The predominance of MILTECH authorizations support Army National Guard (ARNG) and US Army Reserve (USAR) direct support and general support surface (ground) and aviation maintenance activities. A reduction of

MILTECHs puts equipment readiness levels at risk in RC units in the midst of modernization and at a time when the RC is providing increased support to active Army missions.

I believe that there is a definite readiness impact associated with much of the additional reductions in the MILTECH force. The Chief of the National Guard Bureau and the Chief, USAR, are working with the Army Secretariat to assess the readiness impacts so that a waiver of those reductions may be obtained. However, reductions in MILTECHs made as a direct result of a reduction in military force structure are appropriate and reflect the overall downsizing of the RC. It is also necessary to examine and identify where streamlining functions will yield a smaller, more efficient and more effective organization, this is a major goal of the National Performance Review.

General SULLIVAN. It is directly related to readiness and it is directly related to dollars. It is a dollars issue. We have got to take civilians out as well as military.

Mr. MONTGOMERY. We are talking about \$12 million that would save eliminating 1,600 technicians for next year. You cannot find that money?

General SULLIVAN. I have been given some instructions by the Department of Defense in a ramp that I have to meet.

Mr. MONTGOMERY. General Fogleman.

General FOGLEMAN. Sir, I think the biggest difficulty is perhaps not the dollars in this particular situation, but as you pointed out, this is part of a larger reinvention of government effort that is starting to squeeze down all of the civilian manpower.

The U.S. Air Force, when we started our draw-down, had 266,000 civilians. Today, we have 195,000 and we are going to 165,000. Some of that initial draw-down was related to a reduction in the workload associated with closing bases and doing other things.

We are now, I will tell you, to the point where if we take out people, we still have workload there to do, some of which is included in the Guard and Reserve. Every time we fence some area, like the technicians in the Guard and Reserve, without overall relief on the ceilings, we have to go in and take that from some other part of the force.

Mr. MONTGOMERY. I am sorry. My time is up.

The CHAIRMAN. I thank the gentleman for being so considerate of the other members.

Mr. Bateman.

Mr. BATEMAN. Thank you very much, Mr. Chairman.

I thank each of you for being here today. You have been helpful today as you have ever been in your presentations to us. I would like to echo the sentiments of my colleagues to General Sullivan and General Mundy.

You have served the country extraordinarily well. We wish you well in your retirement and all of the satisfaction that your very distinguished service should merit.

Last week when we were debating the National Security Revitalization Act, as the Chairman of the Readiness Subcommittee I was enormously gratified that, from both sides of the aisle and all corners of the chamber, everyone was concerned about and dedicated to making sure that our Armed Forces were ready. That certainly is encouraging to me.

One of the things that concerns me, however, is that perhaps we are focusing on it too much like a snapshot of now, as opposed to

where are we headed in terms of sustainment of a point of readiness once you have fixed whatever shortfalls might be attendant to the diversion of funds for emergency unforeseen contingencies.

I, certainly in your testimonies today, have no lesser concerns about that sustainment factor from what you have been telling us and whether or not for the longer haul we are on the kind of budgetary path that is going to make it able to sustain our forces at the rate of readiness that you believe they should be at and stay at.

So, I will have some very specific questions for you on the matter of readiness issues. The mother of all readiness issues has already been asked. I may ask you something about the father, and the children and the grandchildren of readiness.

Since I am going to submit those more detailed and specific questions on readiness to ask you to answer on the record, it would be extremely helpful if we could have those responses in something like two weeks because we have got to get about making these kinds of decisions within the subcommittee.

Let me turn to something that is of grave concern to me and I think should be to all Americans. I suspect it is to you. We are just back, some of us, from the North Atlantic Assembly meeting in Brussels.

The ever vexing, frustrating, complicated question of where are we headed in Bosnia and the Balkans at large, and whether or not we fully understand the consequence of what some are advocating in the context of the unilateral lifting of the arms embargo against the Bosnians?

You, as the operational Chiefs of the branches of our military service, I think can make a great contribution to a better understanding of this issue. I would like to be quiet and to have you, at least in summary form and in fairness to my other colleagues, address whatever concerns you may have about that decision.

Mostly as it relates to, does it tend to Americanize that conflict? Will it tend to broaden that conflict? What are its implications upon the status of our alliances especially with regard to our NATO allies?

General SULLIVAN. So, your question, Mr. Congressman, is what is my opinion on lifting the arms embargo? I am going to give you my personal opinion.

My personal opinion is that given the volatile nature of the issue, given the highly politicized nature of that issue, not only in the United States of America but elsewhere, that in my personal opinion it would be best that I did not do that in public. I will be asked, I am sure at some point as one of the Chiefs, one of the four of us to give a recommendation to the Chairman. I would ask that I be permitted to do that to the Chairman and the President in private.

Mr. BATEMAN. If I might, Mr. Chairman; General, it certainly is not my desire to put you in a tenuous position, but at a point in time, perhaps there is a better point in time for it to come.

I would hope that this Congress is not going to make or approve any decisions as delicate as that with the far reaching consequences as it has for our military personnel and for our national security without having those kinds of answers.

General SULLIVAN. I am not ducking it. I am not ducking it. I am not ducking the question. Frankly, it is not current. I need to get current. I need to be current on the issue. It is a serious issue.

I take my responsibilities seriously in that matter. I am just not prepared frankly to give you an answer right off the top of my head because the press is here. It is an open hearing and I would prefer not to do it.

Admiral BOORDA. Let me answer in a general way. I have the same problem General Sullivan has and that is your advice as a Member of the Joint Chiefs isn't much good if you give it in public and do not give it where you have to give it. Let me frame the issue a little bit.

Again, this is my personal opinion. I think the things you have to struggle with and we will have to struggle with as well are the reactions of our allies, and what that means for the future with those allies and what it means for the war.

I think if you think about those three things you probably will have it all in the frame. I think there is another important point. Had you asked me that question when I was working there 2½ or 3 years ago, you would have gotten one answer.

If you would have asked me a year later, you would have gotten yet another answer. This is not a static situation there. It is very, very dynamic and changing. So, people who seem to have strongly held opinions that never change on that war I think do not understand that war very well.

It is in a very delicate stage right now where the Cessation of the Hostilities Agreement, which has not held completely, but has helped, will expire in a little over 2 months. What will happen then? Will we have a spring of offensives like they had last year or something different?

Will the U.N. forces actually leave Croatia or will at the last minute they be asked to stay? What will Milosevic eventually do with the contact group's latest proposal? I think this is a much more complex issue than I am in favor of or not in favor of lifting the arms embargo.

You really have to say, okay, if we do that and this happens, what do we do then? If we do this and that happens, what do we do then? What is an acceptable outcome for this country with regard to that war?

I have not given you any answers because I am going to give those to the Chairman and to the Secretary of Defense in private when I am asked or in a closed hearing here. I think the question is that complex.

One of the things I think we have to have before we can ever answer that question is an understanding of what an acceptable outcome is for this country. I have not heard too many people talk about that.

The CHAIRMAN. Do you want to answer that, General, either one of you?

[No response.]

The CHAIRMAN. I think if I might inject here, you know General Clark of the Joint Chiefs has given a very comprehensive answer I think to the gentleman at a briefing, an open briefing, not too long ago. I assume that position is shared by the Joint Chiefs.

**General SULLIVAN.** Correct.

**General FOGLEMAN.** His testimony I think was such that it, from my personal perspective and again not being cognizant of my position on the JCS, in looking at it from an historical perspective, I think that the potential downside of a unilateral lift, independent of policy issues and where we come down on these things is that history shows us that this is a very volatile part of the world. If you will look around the world at all of the places that we are engaged in any kind of effort, this appears to be the one place that some spark could really set this thing off.

It is the one place in the world where, while we are acknowledged to be the super power, Russia has some equities that they are concerned about also.

So, I think along with what Admiral Boorda said, these are things that need to be considered as this would go forward. That this is a place that has the potential of becoming a confrontation very, very quickly.

**General MUNDY.** I would worry that it would extend, if not broaden, the conflict. That is my personal view. That has been a conflict of decades, indeed, hundreds of years going on. I think to increase the arms availability training that sort of thing for one side would extend it.

**The CHAIRMAN.** Mr. Skelton.

**Mr. SKELTON.** Thank you.

First, let me welcome Admiral Boorda, General Fogleman for your testimony. We know we look forward to many days of advice from you. To General Sullivan and General Mundy, I advise you, you still have a lot of hard work left in you, but knowing you as we do, you will run hard to the finish line. I compliment each of you, General Sullivan and General Mundy, on a truly outstanding career; not only a career for yourselves, but for our country. We thank you for that.

My first question can be answered with one word. Each of the services has made significant contributions in the field of professional military education. A lot of work has gone into that by this committee and mostly by you folks.

I could detail each of the services' improvements and what you have done is just first class. I compliment each of you. There is a question concerning funding levels for professional military education.

Do each of you request the same or less monies for professional military education in the upcoming budget? General Sullivan.

**General SULLIVAN.** The same as the previous year?

**Mr. SKELTON.** Yes.

**General SULLIVAN.** It is certainly correspondingly the same.

**Mr. SKELTON.** You mentioned it in your testimony very positively.

**General SULLIVAN.** Right.

**Mr. SKELTON.** You recommended that in your testimony, to refresh your recollection.

**General SULLIVAN.** Right.

**Mr. SKELTON.** Admiral.

**Admiral BOORDA.** I will have to give you the numbers for the record. I can tell you that our goal is to get a larger percentage of

people to both joint and service schools. I will have to give you the dollars.

[The information referred to follows:]

For the Naval War college, our professional military education operation and maintenance mission funding increases from \$12,166,000 in Fiscal Year 1995 to \$13,759,000 in Fiscal Year 1996. This increase will allow us to implement the Naval War College node of our Naval Decision Making Support Center, which will greatly enhance the strategic analytical capabilities available to top Navy leadership. Our student load projection is currently level from Fiscal Year 1995 to 1996, although the actual student quota plan by PME institution will not be finalized until planning with other service PME schools and the National Defense University is finalized this summer.

The Navy is also executive agent for the Armed Forces Staff College. We have managed to increase their professional military education operation and maintenance mission funding from \$3,836,000 in Fiscal Year 1995 to \$5,026,000 in Fiscal Year 1996. In addition to providing much needed equipment modernization, we have increased the number of civilian faculty to support the student load and enhance the academic professionalism and research capabilities of the school.

The Navy also provides about \$200 thousand in operation and maintenance funds for travel, tuition and per diem costs of 15 to 20 naval officers assigned to foreign war colleges each year. This amount varies from year to year depending upon the number of students and the foreign schools attended.

I am strongly committed to professional military education as a strategic investment in the warfighting capabilities of our military personnel. Innovation is the key to the future well-being of tomorrow's military force. Our future naval leaders must be readied now through professional experience and professional military education. PME enhances an officer's capability to comprehend and contend with the complex and sophisticated issues encountered at the strategic and operational levels of military command. PME is a specific course of instruction that consists of an interdisciplinary approach to the study of military art and science, strategy and leadership. As conflicts ranging from the scale of World War II to Desert Storm, and to smaller but highly complex operations prove, there is no greater force multiplier than motivated, well trained and professionally educated Officers and Sailors.

**Mr. SKELTON.** Thank you. General.

**General FOGLEMAN.** The same as Admiral Boorda. I will give you the numbers for the record, but it certainly is our intent to continue or and expand. Quite frankly, the one area that we really want to expand is in PME for our junior officers.

[The information follows:]

#### PROFESSIONAL MILITARY EDUCATION

We've asked for an additional \$2 million, about a five percent increase. Most of this increase can be attributed to normal cost of doing business. Inflation and a new Squadron Officer School short course to support the Total Force account for the majority of the increase.

**Mr. SKELTON.** Thank you. General.

**General MUNDY.** We have fully funded PME.

**Mr. SKELTON.** And you want to continue that.

**General MUNDY.** Yes, sir.

**Mr. SKELTON.** In response to a concern by my colleague and friend from California, Mr. Dellums, regarding the gulf war and what it takes to win that or a comparable conflict in the future; I was part of an Air Force Commission Study commissioned by Secretary Rice, subsequent to that war, together with Jasper Welch, Hunt Hardisty, Max Thurman and others.

This study concluded not only was air power important, but ground forces, meaning the Army and Marines, were very important.

That study, to my understanding General Fogleman, though I received a copy of it, to my understanding it was not widely distrib-

uted, I would appreciate your looking into that and seeing that members of this committee have it and report back to me if you could as to the reason it was not fully and widely distributed.

My arithmetic is different from some of the others. I have independently concluded that to meet the needs between now through 1999, the military needs a minimum of \$44 billion more. I have made that public, and I will be glad to share it with you if you do not have a copy of my proposed budget to do that.

I am concerned about each of the services. Each of you have used the phrase "near term" or "not war stoppers." General Sullivan reuses the phrase "stable funding stream" with the figure \$62 billion.

I also note, however, General, that the fiscal year 1996 recommendation is only \$59.5 billion. My budget includes the things of which you speak; modernization, as well as training and taking care of the troops. I do not want to sound like a broken record, and to some of my colleagues here I may, but you had better take care of the troops.

If you have them voting with their feet, if their families are not taken care of, as General Fogleman mentioned a few moments ago, if you do not keep the high quality of sailor on the ship, the Marine in training down at Quantico, the airborne quality young men and young women, the pilots, we are going to find ourselves, regardless of anything else, with less than a fully capable military.

So, I think it is important to take care of their families. Give them the necessary training. They know the spare parts, the maintenance; all of these are so very important. I will do my best at the proper time before the Budget Committee to express that feeling and that thought.

Along that line, Admiral Boorda, in front of the subcommittee that I chaired last year previous men of your rank, now retired, testified that they requested and recommended a 414-ship Navy.

Last year, though the Bottom-Up Review called for a 346-ship Navy, testimony by your predecessor and the Secretary, stated that there was only a 330-ship Navy. In my simple back of the envelope arithmetic, you cannot do it.

Would you comment on that please?

**Admiral BOORDA.** I think it is very clear from the numbers from last year, not what we think about them just from adding up the numbers and dividing them by the number of ships available, a reasonable projection of what will be required of us in the future, that 330 ships is not enough and that the major shortage comes in surface combatants.

We need to replace some of the other ships such as the LPD-4 by the LPD-17. We also need to keep a few more surface ships, destroyer type ships, destroyers, frigates and cruisers. Because we are so far down in the downsizing now, there is only one way to do that. That is by keeping some of the FFG's that Mr. Hunter and I talked about.

Three hundred and forty-six ships is the maximum achievable number right now, given where we are in the draw down and that is why I am agreeing with that number. That will help us take care of the very people you just talked about. It is a personnel as well as an operational issue.

I wish the number was larger. As I look at it now with the dollars foreseeable available and the place where we are now in the draw down, that is the best we can do.

Mr. SKELTON. Thank you.

The CHAIRMAN. Mr. Torkildsen.

Mr. TORKILDSEN. Thank you, Mr. Chairman.

I would like to start by echoing your words of thanks to General Sullivan and General Mundy for your many years of faithful and dedicated service to our Nation.

Also, I would like to thank General Mundy for his words of not only philosophy, but also history. I think it is important for those of us on this side of the dias to study both in order to do our jobs well.

I have a few specific questions. I will just try to keep them brief and hope the answers can be equally as brief. First, for General Fogelman, in your opening remarks you mentioned the Bomber Study going on that we are all waiting for with anticipation.

At the same time, we know that procurement funds have been planned to continue to be reduced at least through the year 2001. If the Bomber Study recommends procuring additional B-2's, what type of tradeoffs would you see in order to fund that? I mean, what additional procurement items may have to be sacrificed in order to fund additional B-2's if indeed that is the recommendation?

General FOGLEMAN. I am not prepared to tradeoff any procurement funds within the current Air Force Program, unless that study becomes overwhelmingly convincing.

Mr. TORKILDSEN. Thank you. I appreciate that answer very, very much.

For General Sullivan, last year the committee supported the M-1A2 upgrade and accepted a strategy for 120 tanks per year. The President's budget, however, does not contain sufficient funding for 120 tanks per year in order to contain a multi-year procurement request.

Is this solely an issue of funding? If you had the additional money, would you still be recommending the 120 per year acquisition?

General SULLIVAN. Short answer is, it is funding. It is balance. I do not have my fiscal guidance for 1997. Any numbers that you are seeing in 1997 should be considered in that light. If I had the money, I would buy at least 120.

Mr. TORKILDSEN. Thank you very much.

Admiral Boorda, the Navy's budget highlights for fiscal years 1996 and 1997 indicate the Navy's interest in renegotiating all contracts with respect to marine pre-positioning ships. The Navy publication stated that, "If the military sealift command continues to be unsuccessful in renegotiating a fair profit rate, the Department will begin to purchase these vessels from current unobligated balances in the National Defense Sealift Fund."

Do you believe this expenditure would be a good usage of an already overtaxed account? Will this action on behalf of the Navy provide any additional sealift capability?

Admiral BOORDA. The issue you are inquiring about is a really business-sensitive issue because we are in negotiations with companies here. In fact, in sealift and in pre-positioning in many cases

we are very much like any other business as we work in the military sea lift command.

We are paying too much for a portion of it. We have renegotiated a better deal with other companies who provide some of these services. We need to either renegotiate with a particular company or find a way to buy ourselves that same service at a cheaper price.

The taxpayers deserve for us to get the product at the cheapest possible price as long as it is of the requisite quality. I think we can do that. For me to go further here would undercut our negotiators.

Mr. TORKILDSEN. Understood. Thank you very much.

For General Mundy, similar issue with tank acquisition. Last year this committee had a very long debate on M-1A1 tanks for the Marine Corps Reserve. It was the understanding of this committee that funds were freed up for 24 tanks for 2 years.

The President's budget does not provide for the second year of this program. Does the Marine Corps still need the tanks? If funds were available would you like to see them acquired?

General MUNDY. Yes, we would.

Mr. TORKILDSEN. Thank you. With that, Mr. Chairman, I thank all of our distinguished individuals in uniform. I will yield back the balance of my time.

The CHAIRMAN. Thank you. The Chair likes the way you ask questions.

Mr. Sisisky.

Mr. SISISKY. I wish I could ask them that fast, Mr. Chairman. Welcome gentlemen. To you, General Sullivan and General Mundy, you have served your country well. This committee is very indebted to you as the American public is. Of course, General Fogleman and Admiral Boorda, welcome to you in front of the committee.

I thought about talking about the *Seawolf*, but I decided not to do it. You will hear more about it. I really have not made up my mind. I made up my mind about future construction, but not about SSN-23. Let me just throw a little one out to you.

My favorite subject is aircraft carriers. The Bottom-Up Review established requirements for 11 plus one aircraft carriers. I understand that leaves a gap in carrier presence of more than 3 months in two theaters. Is that correct? What are the consequences of such gaps?

Before you answer that, let me ask my other questions. General Sullivan, the important subject that you talked about was the enablers. I thought it was interesting that my colleague asked Admiral Boorda about strategic sealift procurement and upgrade. Actually, it is in the Navy budget.

I really believe we need to have a comment from you, General Sullivan, on the value of this program, the real value of this program to the Army.

If you will remember correctly before Admiral Boorda came on board, we just dragged the Navy. We had \$3 billion and every excuse that they could get. We finally had to micro-manage here in the committee to get them to spend the money. I think it is important if you would talk about the value of this program to the Army.

I was going to talk about the Comanche, but you have already talked about that. I want to ask a technical question to you, Gen-

eral Fogleman, and then I will be through. If you do not know the answer, you can certainly send it in.

The Air Force is planning to use bombers in the conventional role as you talked about before using precision guided standoff weapons such as HAVE NAP, AMRAAM missile.

What is your experience with AGM-130 and AGM-142 in light of the recent cancellation of TSSAM? What is the Air Force considering for standoff precision guided munitions for the near term as well as the long term?

General Mundy, I don't really have a question for you.

General MUNDY. No offense taken.

Mr. SISISKY. I was absolutely amazed when you talked about the infrastructure that you needed money because many years ago every time I tried to add money to Marine infrastructure, we don't want it, sir.

General MUNDY. It must have been somebody else here.

Mr. SISISKY. But I remembered correctly. Thank you.

General SULLIVAN. On the strategic mobility program, the national requirement is three divisions within 30 days, five divisions within 75 days, Army divisions.

The enablers to permit that type of force projection are the C-17s. General Fogleman has spoken about that and the ships. You saw the perfect manifestation of our capability during the December episode in the gulf where Saddam Hussein acted irrationally again.

We responded; the First Brigade, the lead brigade, of the 24th Infantry Division, was closing in on the gulf about 5 days after he made his move. That is deterrence. That is strategic deterrence.

We need the capability to have surge from the Continental United States or from Europe, wherever the troops are, as well as pre-positioned ships. Unless you want any more than that, it is critical to the execution of the strategy as it is being laid out.

I think Admiral Boorda mentioned it, or one of the Chiefs did. In the CINC's conference with the Secretary of Defense, it was readily apparent that power projection capability is really what is necessary to execute the strategy.

Admiral BOORDA. Aircraft carriers.

Mr. SISISKY. You want to talk about aircraft carriers?

Admiral BOORDA. I like to talk about aircraft carriers. With 11 plus one aircraft carriers, 12 aircraft carriers, because the *John F. Kennedy* is going to take a term in deployment; not a normal routine term, but when we need her to.

With 12 aircraft carriers, we are not able to keep carriers, carrier battle groups, in all three hubs that we would like to keep them in; the unified CINC's would like to have. That is the Mediterranean, or near the Mediterranean; the central command, Indian Ocean, Persian Gulf, or very near there, and the western Pacific.

Each of those places, if you think about them for a moment, has had something happen recently where you wanted to have an aircraft carrier there. In October, it was Vigilant Warrior. In the summer and fall, it was our discussions with North Korea and the problems there. And Bosnia continues.

If you will look at this morning's paper, Algeria is a worry. There are a lot of things going on in the world. But with 12 carriers you cannot do that. Fifteen is the number you would need to do that.

The 12 we have, we have to start making some accommodations. With accommodations come risk. I believe at this time it is prudent risk, but less than 12 would not be. What do we do?

Today, we have the Eisenhower in the Mediterranean. We have the Constellation in the Persian Gulf, flying, doing southern watch and Independence could be the carrier for the western Pacific when she finishes her maintenance.

What we have done is we have said we will slide a carrier from one place to another as we see the beginning of the crisis develop. If it is a big crisis, we will collapse from both areas into one.

There is risk associated with that. I think it is a reasonable risk. I think it makes no sense to go below the 12 that we have now.

General FOGLEMAN. Sir, your question was with the cancellation of the TSSAM, what would be our near-term solution?

We have looked at this. While there is no money in the 1996 budget, if we had money to spend for the near term we would buy the conventional—because we have the air frames. That is a very inexpensive weapon to buy. So, that is what we would do.

The CHAIRMAN. The gentleman's time has expired.

Mr. Weldon.

Mr. WELDON. Thank you, Mr. Chairman.

Let me add my thanks and congratulations to each of you for the fine job that you do. I have the highest respect for each of you and for the job that you are doing on behalf of our young Americans. I deeply appreciate that.

I hope you will not take offense to some of my sarcasm because it is not intended at you all personally. Sitting through this hearing trying to draw a parallel, I guess the closest parallel I can draw is like sitting through an exotic dance ritual where everyone has to say what needs to be said without offending those who cannot be offended. It really bothers me.

What I hear in all of the testimony is that we are okay for this year, but in the out years we have got grave problems because of our acquisition cuts, because of our concerns over readiness and we need stabilization in terms of defense funding.

The GAO, the CBO all disagree on what the needs are over the 5 years that we have projected for budget authority. Even our colleague on the Democratic side, Mr. Skelton, has come out with his own budget saying at least \$44 billion in additional funds are needed.

The State of the Union message that we got in January stated, as the President pounded the table, no more defense cuts. Then we found out what he really meant was we were going to cut the acquisition accounts by \$9 billion more this year than what he proposed to be in those accounts last year.

We heard him say that we would add \$25 billion of new money in the defense spending, but \$23 billion of that \$25 billion does not come until after the next presidential election, which we all know is like pie in the sky. It is not going to happen.

As I sit here and listen, I think of the defense budget being so tight, yet as we have cut defense spending by 25 percent over the

last 5 years, we have increased non-defense spending in the defense budget by 361 percent.

As I sit here thinking about where our money should be going and the priorities we have, we are going to spend \$13 billion this year in the defense budget for environmental restoration. We are going to make a lot of lawyers wealthy and a lot of environmental firms very healthy.

It bothers me to think that we have military families on bases today that when they close tomorrow will somehow say they are unfit for the neighbors who live alongside that facility. Therefore, we are going to spend \$13 billion of DOD money at those sites.

As I sit here thinking about what we are going through here, I am frustrated by the fact that we do not have enough money in some cases for training and O&M shortfalls and readiness accounts while we are taking DOD money to pay 100 percent of the salaries and the benefits of other nations' troops in foreign operations around the world.

As I sit here listening to the military talk about what the needs are and the threats and how more safe the world is, we have heard the Russians have sold submarines to Iran. They have sold rocket motors to China which can be used in their cruise missiles.

They are offering SA-10's and SA-12's, which are far superior than our Patriot system, around the world. They have offered the SS-25, the nuclear missile, the primary nuclear missile of the former Soviet Union to Brazil as a space assembly. The Russian leadership is in total disarray. The secretary or the head of the Russian military has been involved and implicated in the assassination of a journalist in Moscow for criticizing the Russian Government.

Somehow, we are saying that all is safe in the world and it is a new environment. I think of all of these things. I watch here as we have boxed the military services into a position today of having to come before this committee and desperately fight for the votes to pass the supplemental bill to allow us to replenish the accounts for those dollars that were used, without one vote in this Congress for items around the world as we deployed our troops.

Yet you have to come here and fight for the votes necessary to pass that supplemental today. Yet the original purpose of those dollars in committing our troops around the world was not even discussed on the floor of the House before many of those commitments were made.

I think of all of the funds in the defense bill this year that we are spending; environmental costs \$13 billion; Nunn-Lugar money, \$1.2 billion; add-ons, \$4.7 billion; defense conversion \$3 billion; and contingencies, who knows how many billion.

I say to myself, you know in this ritual what we ought to do is gather a unified front to say let's have truth in budgeting. If we are going to spend  $x$ -amount of dollars on the military, then let's spend  $x$ -amount of dollars on the military and let's stop using the defense budget as the cash cow for everything else under the sun.

What I ask you to do as the service Chiefs, is to join with us in fighting the non-DOD use of your money for items and activities that do not help you deal with the problems that you have identified today.

If I have listened correctly, if we just take a portion of those dollars, and redirect them into your priorities, there is no funding shortfall. We can meet all of the concerns you have. We can take care of the readiness of our troops.

We can make sure we have the modernization that we need for the next 5 years. We can stop this stupid game that is being played with the DOD budget and how much money is really needed over 5 years.

We all know the tough budget environment that we are in. We all know there is not going to be an easy course to raise the defense budget number up, although some of us will try to do that. What we can all do is say, enough is enough. It has got to stop.

If you are going to cut defense spending further as we have seen happen over the past 5, 10 years, then doggone it, stop taking our DOD money and using it for everything under the sun except for the purpose of supporting our troops.

The CHAIRMAN. That is a very good question.

I do not think they need to answer.

Let's let Mr. Ortiz have his turn at it.

Mr. ORTIZ. Thank you, Mr. Chairman.

We welcome all of the Chiefs this morning. Gentlemen, congratulations to both you and General Sullivan. You have served your country well. We wish you the best in your retirement. We welcome all of you here today.

I just have a question for General Fogelman and then followed by Admiral Boorda. Recent reports have indicated that the Air Force is making the decision to slow the buying of the JPATS [Joint Primary Aircraft Training System] aircraft; possibly to be completed after the expected lifetime of the current primary frame has expired.

If this is correct, what would be the impact on joint training initiatives with the Navy and how will the Air Force accomplish its training mission in the out years? What is the current status of Air Force and Navy efforts on joint primary air training for pilots?

Admiral Boorda, what is the current status of the Navy's commitment to the JPATS Program and what do you see as its impact on the future joint training initiatives?

Also, could you comment on the current status of plans to provide joint primary training for Navy and Air Force pilots?

Admiral BOORDA. I think that when we look at our aircraft inventory for training, what we have bought and what we are buying, we are able to go with the plan the Air Force has or even a slightly later plan and still have sufficient aircraft.

So, the urgency of JPATS for the Navy is not there. However, the need is in fact there. We will agree with the Air Force scheme for buying aircraft.

With respect to joint training, General McPeak, before he retired, and I and since then, General Fogelman and I, have agreed I think on a pretty aggressive plan to take some economies by having us train officers in both navigation, in electronic warfare, and some pilots, and the Air Force doing the same with pilots for us. We do cross training.

We have officers in each other's squadrons now. I think you will see more of that. We have kind of finished our agreements last fall.

Now, we will see how BRAC comes out this year and then take it from there.

That has been kind of a time to stop, take a deep breath, execute what we have already agreed to. I think we are doing pretty well together. I am proud of the effort so far.

General FOGLEMAN. Sir, if I could address sort of the programmatic of the JPATS. As you know, this was one of the programs that was identified in the letter issued by the Under Secretary of Defense last year as a potential cut in the modernization.

As a result of that program being put into turmoil, we had originally envisioned completing the procurement cycle and being in a position to award a contract for the JPATS in the January time-frame.

As a result of it going into limbo during the fall, and the fact that we did not get resolution on the fact that the airplane would be funded, even though the profile was modified somewhat, we had to then go out to the contractors again.

Since the quantities per year had changed, we had to ask them to come back in with the numbers that they could stand up to. We have done that. That has frustrated me that it takes so long to award this contract.

I am told that we should have their results in the June/July timeframe. There is a mandatory 1-month. It takes about a month to do some cost analysis on that. We will award this contract in August.

The Air Force still plans to buy 372 airplanes. We will introduce the airplane in the year 2001. We have work rounds to keep the T-37 viable through that period of time. We are going to have to spend some more money to do that, but we will be able to do that.

The Navy is planning to bring the airplane on at least under the joint program now in 2003. They were looking at a buy of 339 airplanes.

So, I think that while we are all frustrated by the delay in the award of the contract, this is a program that has passed a major hurdle this year. We should have the contract this summer. Then we will be out there and putting a much needed improvement into the field.

Mr. ORTIZ. Thank you. I just have one short question.

Admiral Boorda, you were discussing the forward deployment which is very, very key. This brings into focus the quality of life. If I was a married serviceman, they are deployed for how long; 5 or 6 months, 3 months?

Admiral BOORDA. No. Our ships and squadrons deploy for 6 months during their term of sea duty, which for an individual can vary from 2 to 5 years. Most people are less than 5; 3 years at sea is the norm for us.

Then they go to shore duty for a period of time; 2 or 3 years when they do not report. A person could make a couple of deployments, maybe even three during their term of sea duty then they get a short duty rest. Then they go back to sea again.

Mr. ORTIZ. One of the reasons that I am asking this question is because if I was a married serviceman, and then the housing problems that we have, is this possible the possibility of why we are having retention and recruitment problems?

They get out, they tell their children, I mean, we do not have the housing. We do not have the medical care. Is this a possibility or a reason why we might be having retention and recruitment problems?

**Admiral BOORDA.** In the late 1970's when we tried to do more with less, people began to leave. As they began to leave we kept trying to do more with even less and they left in bigger numbers. We called that a spiral down. That could certainly happen. I think it is probably not realistic to think about a Navy where people do not deploy. Navies go to sea. Navies are forward deployed. That is what they do. It is important not to do that too much. It is important not to do that too often.

It is very important to take care of families when you are home or when they are home and you are gone. Housing is critically important to us. Medical care is critically important to us. Decent pay and decent benefits are essential for us.

It is what makes the sacrifice of deployment bearable. They also, I have to echo the comment about the Marine Corps, people are quite proud of what they do on deployment, as I know you well know. This is not an unbearable burden. We should not make it unbearable.

I have been looking for the place to fit it in. It does not really fit, but I am going to do it anyway now because you gave me the opportunity. We really need support on our MILCON (military construction) budget for housing for people. We badly need that.

We do not have a lot of money there. We put more money there. I guess maybe we even put it at risk when we did it. We must take care of our people. Two of the places that is most important right now is Hawaii and Naples, Italy. I hope you will help us with both of those. If you can tie that to your question, you are a better man than I, sir.

**Mr. ORTIZ.** Thank you. We certainly appreciate your excellent testimony today. You all continue to do a good job. Thank you, Mr. Chairman.

**The CHAIRMAN.** I thank the gentleman.

**Mr. Stump,** the gentleman from Arizona.

**Mr. STUMP.** Thank you, Mr. Chairman.

I know it is getting late and I will not take but a minute. Let me just thank you gentlemen for your testimony today and for the fine job you do and those young men and women under your command. We appreciate that and I know with what you have at your disposal sometime, that is not an easy job.

I want to associate myself with the remarks of the gentleman from Pennsylvania, Mr. Weldon. I think he is exactly right. I think that you are perhaps going to see an end to some of the nondefense spending out of this defense budget.

We sat here last week and heard the Secretary tell us that he thought this budget was ample to fight, I think he called it a major two-front regional conflict or whatever it was. To me, that is two fronts.

Some of us on this committee are old enough to remember what happened at the outbreak of World War II. Because we were not prepared and did not have the means to fight a two-front war, it

cost us dearly. It cost us thousands of lives. We had to divert all of our attention to Europe.

It cost us ships. It cost us territory. Tens of thousands of prisoners, many of whom never came back who died in a prisoner-of-war camp.

Gentlemen, you talked about Iwo Jima and this being the D-plus-3 anniversary and those ships off of Iwo Jima. I was on one of those carriers. Our responsibility was to deliver napalm and rockets to those caves and bunkers. I do not want to see that happen again.

I think if we keep going through what we have seen in the past and are not able to stop this rapid decline in the defense budget, we are going to be right back there and it is going to be a sad day for this country.

I thank you once again.

The CHAIRMAN. I thank the gentleman. Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman.

I join our other members in thanking our witnesses today for the fine job they do on behalf of our country and wishing you all well in the future.

Theater ballistic missile defense has been made a priority in the Department of Defense. I know all of the service departments are involved in this activity to some degree. Admiral Boorda, the Navy, about 10 days ago had scheduled a shot of the upper tier system that is based on the Aegis Radar System.

That shot had to be aborted. I know that is always a disappointment. I wonder if you could tell us what was learned from that, what you might plan to do in the future and how this program is progressing.

Admiral BOORDA. We are going to test in the next few days, early in March and then again later in March, two LEAP [Light ExoAtmospheric Projectile] projectiles. These are projectiles that are carried up on a normal surface-to-air missile, put in space, just into space. I am trying to keep this unclassified as we go here.

One made by Hughes and one made by Rockwell. We will fire both of those in the month of March against an Aires rocket fired from Wallops Island down near Norfolk. We were going to do that test in February.

The Aires rocket was fired. We had ships in the vicinity and the firing ship. The Aegis ships track the target well. Had it been a wartime scenario, we would have fired the missile. However, there was a transponder in the target that did not transmit properly.

So, we did not have all of the parameters we needed to do the test. This is expensive stuff. You want to get all of the data. Otherwise, there was no reason to do a test. So, we believe we have a good system. We know that had one of the Aegis ships been firing instead of the test firing ship, an older cruiser, we would have gone ahead and shot.

I am confident that we are ready to do this test, provided the target works properly. It is very hard to get a good target because you are trying to make a target look like a Scud without having a Scud. We have got to get that just right. You would not want us to waste the money of these two projectiles.

Why do we want to do that at all? If you believe that theater ballistic missiles—and we know they are proliferating around the world. They are being sold and going to all of the people that we worry about.

If you believe that those will only become more accurate, have longer range and have more lethal warheads over time, and that is the way all weapon systems go, and if you really believe what we talked about a little while ago, that strategic lift, both airlift and sealift, are necessary to go do something when we want to deploy forces forward, then you had better have some capability to do theater ballistic missile defense from the sea; from those DDG's that we are buying and the cruisers that we already bought.

If you do not, how are you going to get a—or an airfield to shore to bring the Army troops, and the Patriot batteries, and the THAAD [Theater High Altitude Area Defense], and the CORPSAM and all of the other things that we are going to need; how do you get them there in the first place if you do not do it from the sea?

I think we have all agreed that we need a multiservice theater ballistic missile defense. It is one of the most important priorities we have. Believe me, if we do not get on with it, the threat will out-pace our ability to deal with it.

Mr. PICKETT. Thank you. One other question; I understand that the operation in Cuba with the displaced persons is costing the U.S. Navy about \$1 million a day.

If the supplemental appropriation goes through, that has been talked about here this morning, that will pay the bill up through September 30, 1995. This is no longer a contingent operation. It is an ongoing operation.

Please tell us what is going to happen—what impact it is going to have on the Navy's operations if that \$1 million a day has to come out of your operational and maintenance budget after September 30, 1995.

Admiral BOORDA. Yes, sir, you are absolutely right. The last figure I have is about 2 weeks' old. It is \$31 million a month. So, we are right together. You would see in the Navy exactly what you saw last year in the fall.

We would have to stop flying or at least reduce flying for everyone that was not deployed and stop for some squadrons. We would have to tie up ships. We would increase our backlog of aviation and ship maintenance.

We would not do all of our necessary training. We would have to find a way to make up \$31 million a month out of accounts that are not discretionary now. So, we would have to stop doing things.

It is a cost of doing business for us. We do not have a choice. We have got to pay the bills. We have 26,000 Cuban refugees and 600 Haitian migrants at Gitmo today. We have to feed them, and house them, and do all of the things that need to be done.

Mr. PICKETT. Just a clarifying question; at the present time for the 1996 budget, this \$1 million a day is not being provided in that budget?

Admiral BOORDA. It is not and if this continues on into 1996 as well it might, we will be back for another supplemental.

Mr. PICKETT. Thank you.

The CHAIRMAN. I thank the gentleman. That is a very important question he asked I think.

Mr. Longley.

Mr. LONGLEY. Thank you, Mr. Chairman.

They say the world is run by people who stay to the end of committee hearings. I have my doubts.

Gentlemen, General Mundy in particular, I want to congratulate you. I consider it a distinct honor to have served with you and also General Sullivan.

I would like to ask two questions of the panel. It may be an issue of semantics. I appreciate the fact that our forces are ready. However, it seems to me that there is a problem if given the current supplemental, that we are not frankly providing the funds that the force needs to exist in the current fiscal year or why else would we have the supplemental?

I would like to ask a question. First, with respect to the possible consequences if that supplemental is not approved; and a part of that question would be, would there be an enhanced ability by the services to deal with the lack of a supplemental in terms of providing additional authority to make cuts that perhaps we would not otherwise be allowed to make?

The longer term question which relates to the testimony that Navy shipbuilding is at an all-time low. The Marine Corps does not have the V-22's. The LPD has been delayed.

The Army has problems with helicopters, tanks; ammunition is at all-time low levels. The Air Force is not building any fighters. Yet, we are looking at a fiscal year 1996 budget that is cutting \$10 billion from where we are in the current year.

So, the first question relates to the supplemental. The second question relates to, if the current level of funding and procurement—and I want to phrase this again carefully. I do not want to talk about the out years. That is a nice promise.

Let's talk about the current year, the current procurement levels, the current funding levels. How much time, is it months, is it years, before we encounter significant serious operational deficiencies based on the current level of commitments?

General SULLIVAN. Years. Current funding, if you mean the 1996 budget, the one we are defending. It would take time to consume it, but if you did not modernize the force, it would just degrade over time. It would not degrade right away.

If the supplemental did not come in, I would essentially stop training in the Army on May 31. I would stop buying spare parts, training, and I would have to minimize fixed costs. I have a lot of installations to run. It would impact out there in America. You would begin to feel it. I have a big plant to run here. It is a big organization; the largest organization in America really when you look at it.

So, anyway, you would begin to feel it. Then next year, I think General Mundy mentioned this, once you stop training, if I were to stop training on May 31 and I had to ramp back up again the next fiscal year, it would take time to do that.

It takes time to bring them up to their wartime skills. If we are deploying them around the world, they are not home to bring up

to their skills. It just starts cascading over time. It is a very complex equation frankly. It gets to be very complicated.

You talk about burnout; some of them talked about burnout in a sense using the people more. It would just cascade. So, time, over time, it would degrade; years.

Mr. LONGLEY. Thank you, General. Admiral.

Admiral BOORDA. My answer about procurement is exactly the same as General Sullivan's. You should know that three ships per year, which is what we are buying in 1996, is the lowest since 1948, as we were downsizing from World War II; three ships per year.

Because it takes 5, 6, 7 years, depending on what kind of ship we are talking about, 10 for some, you do not start to see the impact of that. The other piece of it is you cannot recoup it either because it takes that long to build them. So, you can mortgage the future very easily this way.

I want to do something a little different. I hope you will bear with me. We keep talking about all of the terrible things we are going to do. I went out to my fleet commanders and I said, if you do not get the supplemental, I do not want anymore foolishness, tell me what you are not going to do very specifically if you do not get the money.

I am going to leave some names of places out here only because I do not want to get everybody that lives there all excited and think the sky is falling. I want to read you a little bit of the answer I got so that you will understand how important this supplemental is.

We cannot recoup it for a long time. We are just like the Army and I think the other services. In April, if we do not have the supplemental, we will stop all yard, service craft, and tug maintenance in the Navy. We will have to do that.

It does not save a lot of money, but it is all of things that run around and service ships. We will descope, that means stop doing some of the work, on two carrier overhauls. We will unfund one submarine overhaul. We will take the money out of the submarine overhaul.

We will defer our third quarter facility maintenance until—in April, if we do not have the money, I will have to start doing that or I get in a deficiency period. In May I will standdown a non-deployed carrier air wing, just like we did in September. I will reduce flying for four maritime patrol squadrons. I will standdown two fighter squadrons, F-14 squadrons.

In June I will standdown an entire air wing and it goes on. I have to do that early because that is the only way you can recoup enough money. You cannot do it in September. So, this supplemental is serious business.

The CHAIRMAN. The gentleman's time has expired.

We had better try to have—a vote has been called. I want to try to go until 1 o'clock if we could. So, we might hear from Mr. Browder and then maybe break, vote, and come right back.

Mr. BROWDER. Thank you, Mr. Chairman.

I think that vote that they are calling is to rule on the defense supplemental, I believe.

I want to thank you gentlemen for your service; a great chunk of which has been spent in this room today. I have a few questions.

General Sullivan, I would like to ask you about the M1 tank, the depot level of maintenance for the M1 tank. A few years ago they studied and determined that rather than try to fix these tanks, Band-Aid them, or wait until they break down and try to fix them out in the field, they started the IRON program; inspect and repair only as necessary.

Could you tell me what is the Army's long-term plan for depot level of maintenance for the M1 tank?

General SULLIVAN. A lot of the M1's, as you know the basic will become the M1-A2. That is really what my plan was over time. Then we would refurbish those. The others would not last as long. We would refurbish them in the depot until we transition them to M1-A2's.

Now you are talking long term because I am only buying 90 a year. So, you start to get into the equation. Let me say that in 1996 our depot maintenance funding will be 80 percent of the requirement.

Since I do not have my 1997 money yet, I do not know what it will be. We are going to keep pumping them through as fast as we can.

Mr. BROWDER. I have heard the possibility that expensive facilities are being planned outside of the depot system to do this maintenance. Could you tell me if you know anything about that?

General SULLIVAN. Expensive facilities?

Mr. BROWDER. At nondepot facilities.

General SULLIVAN. Not that I know of.

[The information referred to follows:]

#### EXPENSIVE FACILITIES TO DO M1 ABRAMS TANK DEPOT MAINTENANCE

The Army is not planning expensive facilities outside the depot system to perform inspections and repair only as necessary maintenance on the M1 Abrams Tank System.

Mr. BROWDER. I also would like to ask you about the 100 FOX chemical recognizance vehicles which the Army plans to type class by the FOX system as a standard piece of equipment and upgrade the approximate 100 basic vehicles currently in the field. I also understand that there is money in the Army's budget, between \$56 million and \$99 million to fully upgrade all of those FOX vehicles and meet all logistic requirements.

Could you tell me what progress is being made in getting the FOX system, the NBC (Nuclear Biological Chemical) system, type classified as a standard piece of Army equipment and in getting the 100 vehicles upgraded to meet Army requirements?

General SULLIVAN. I would have to give it on the record. We are working. That is the goal. That is what we are pressing for. I would have to give you the particulars for the record.

[The information referred to follows:]

#### NBC RECONNAISSANCE VEHICLES

The XM93E1 improved FOX program is currently conducting an Operational MANPRINT Validation in close coordination with the Army and Defense Department operational testing communities. This demonstration, at Aberdeen Proving Grounds, is designed to ensure that recent changes made to the vehicle configura-

tion will correct some system shortfalls which surfaced during the Initial Operational Test and Evaluation (IOT&E). We were not able to fully demonstrate that the new German/U.S. modified system could be properly operated by a three man crew and be logically supported. We are half-way through the test and all indications are that the fixes are highly successful.

The improved FOX, which will give us stand-off detection of chemical agents, warning information transmitted in the digitized battle information systems, a three man crew, and full maintenance by U.S. personnel, is planned for type classification in June 1995. However, because of the additional testing, hardware redesign, and preproduction planning requirements, the type classification decision is contingent on the release of additioinal RDTE funds which were increased by Congress (\$4.6M) and are currently on OSD withhold. These funds are in process of being released.

In addition, the Army's program budget line for the FOX Block-1 Modification will become an OSD line in FY96 in compliance with PL 103-160. This line currently supports the upgrade of 93 fielded systems between FY96 and FY99. We have identified another 30 systems (10 USMC, 15 prototype RDTE and Nunn funded, 5 Army) which can also be upgraded for fielding as Block-1 systems but are not funded at this time.

**Mr. BROWDER.** Thank you. One last question, general.

As you know we have public law and international agreement, bilateral agreement to destroy our deteriorating chemical weapons stockpile at eight sites throughout the United States.

Not only public law and international agreement, but there are close to 400,000 American citizens living around those deteriorating stockpiles. Could you comment to me about the Army's commitment to demilitarizing those stockpiles?

**General SULLIVAN.** We are 100 percent committed to it. As you know, we are doing extensive work on Johnston Island where we are destroying a lot of stocks now in a prototype plant. We built a plant up at Tooele and I know you know adjacent there in your district at Anniston.

**Mr. BROWDER.** Yes.

**General SULLIVAN.** We are committed.

**Mr. BROWDER.** This is not a program that is in competition with other priorities of the Army.

**General SULLIVAN.** No. This is a serious commitment on our part.

**Mr. BROWDER.** Thank you very much.

**Mr. Chairman,** I yield back the balance of my time.

**The CHAIRMAN.** The gentleman yields to the lady from Connecticut.

**Ms. DELAURO.** Mr. Chairman, I just had a quick question. I can get it in and then dash off to vote; can't I?

**The CHAIRMAN.** That will be fine. Go ahead.

**Ms. DELAURO.** Thank you very much, gentlemen, for being here. My question is to General Sullivan.

I am heartened by your strong support of the Comanche. I represent Stratford, CT, where the Comanche is built. I think we generally concur that it, in essence, will save lives.

You spoke about it earlier. I know the strength of your support. My direct question is, the Department of Defense now is continuing to withhold 25 percent of the program's fiscal year 1995 funding.

I know that you know that unless this funding is released by March 31, 1,000 workers in the State of Connecticut at the plant are going to be laid off. We lose the skills. We lose the industrial base. What are we going to do?

General SULLIVAN. I am working very hard to get that money released to continue the program. I am into it. All of my people are into it. We are going to do our best.

Ms. DELAURO. I am into it. I will help you any way I can in doing that.

General SULLIVAN. OK.

The CHAIRMAN. Thank you, gentlemen. We will recess for the vote and come right back, if you can bear with us for a few more minutes.

[Recess]

The CHAIRMAN. Gentlemen, we appreciate you bearing with us. We are going to try to get through about three other people we have and maybe get through by 1:30 p.m., maybe. If you can prolong lunch that long, I am willing to do it if you are.

That vote was on the rule on the supplemental. It is good news. It was a pretty overwhelming vote I think. I anticipate the same thing happening on the bill itself. We will see, but we still have the same problem we always have around this place, but I will not comment any further on that.

Mr. SKELTON. Mr. Chairman.

The CHAIRMAN. Yes.

Mr. SKELTON. I can eat up 1 minute or 2 if you would allow me to.

The CHAIRMAN. Mr. Edwards was in turn.

Mr. EDWARDS. No, no, go ahead.

The CHAIRMAN. He will yield to you, Mr. Skelton.

Mr. SKELTON. Let me ask if each of you had a magic wand, how much money would you ask for in addition to what is budgeted and what would you spend it for in fiscal year 1996?

Admiral BOORDA. I will go first. I have a list I would provide you for the record. It gets up to whatever number you would like it to get up to.

When we do budgets, the way we do them is we get the fiscal guidance the Chairman was talking about. I know you know this, but it is probably good to have this in the record. We get the fiscal guidance and then we decide what we are going to do to stay under that fiscal guidance. That is true in budget years where there was lots of money and it is true in budget years where there is not much.

There is a hierarchy of things that we kept saying; OK, we cannot afford that one and we cannot afford that one until we got to the fiscal guidance. Then, of course, the budget became joint and not just Navy. Then it became the President's budget and not just OSD.

Other things were put in and taken out. So, you keep score. I have a nice priority list. I will be happy to give it to you, sir.

[The information referred to follows:]

Secretary Perry stated before Congress that the current budget request provides the most optimum balance between current readiness requirements and the need to invest in weapons and equipment modernization. However, if the Air Force were given additional funding for modernization investment, the following programs would be enhanced.

Below are the specifics:

[In millions]

	Fiscal year—						
	1996	1997	1998	1999	2000	2001	Total
F-22 .....	200.0	0.0	0.0	0.0	0.0	0.0	200.0
Restores Program Decision Memorandum cut to preclude \$950 million to \$1.2 billion in outyear costs.							
Strategic Mobility .....	0.0	400.0	-110.0	-253.0	170.0	-109.0	98.0
Funds a three year multi-year purchase in FY98-00, and a four year multi-year purchase in FY01-04 to complete a 120 aircraft C-17 buy.							
F-15E .....	361.4	337.1	297.4	0.0	0.0	0.0	995.9
Procure six additional TF coded and 12 reconstitution reserve aircraft (6/6/6) to sustain FY96 force levels. This option will zero reconstitution reserve in FY07 and rely on backup aircraft inventory attrition until F-15E retirement.							
F-16 .....	175.8	173.7	179.1	182.4	185.9	191.8	1,088.7
Procure six F-16 Block 50 per year, beginning in FY96. This funding delta assumes an FY94 production termination closeout funding of \$43.9 million is available in FY95 to fund advance procurement for the FY96 buy.							
JSASM .....	12.0	25.0	30.0	50.0	100.0	100.0	317.0
This allows pursuit of the Joint Standoff Air-to-Surface Missile to replace the canceled TSSAM program.							
Engines .....	64.4	61.4	12.1	0.0	0.0	0.0	137.9
These funds buy 16 spare F100-229 engines and fund critical modifications to improve reliability and F-15/16 commonality							
Total .....	813.6	997.2	408.6	-20.6	455.9	182.8	2,837.5

General FOGLEMAN. I have the same thing, Mr. Congressman. In macro numbers, I think you would find that the list which is basically what I gave earlier has a lot to do with modernization. It has to do with force life. It runs to about \$800 million.

General MUNDY. If I could give you a list, it would total up to about \$1.7 billion. Those would be for things and for programs that can be expedited that are currently not there. I think there would be some softness in that in whether or not they would be executable on that short time line, but some portion of that.

The CHAIRMAN. I think the gentleman from Texas, Mr. Edwards, has the time.

Mr. EDWARDS. Mr. Chairman, problem inquiry. May I assume that last series of questions was a unanimous consent request to ask questions out of order?

The CHAIRMAN. We can look upon it that way. I am sure he would not want to take your time in doing that. So, we will look upon it that way.

Mr. EDWARDS. Thank you. Thank you very much.

Thank you all for being here and for your leadership for our Nation. General Sullivan, General Mundy, a special thanks to you for a lifetime of service to our country.

I would like to discuss the issue of impact aid in terms of its effect upon military morale and ultimately readiness. As you may all know, many people have been surprised by this.

The Secretary of Defense had not been asked about it before the budget was submitted by the White House. As you may know, the impact aid program has been zeroed out in terms of the administration's request in so far as helping educate the children of military families that do not live on post.

I have grave concern about the effect that could have on the morale of our military families. My first question to each of you would be, did anyone at the White House, OMB, or the Department of Education talk to you, ask your advice or your approval before they recommended that impact aid be cut?

General SULLIVAN. Well, they did not talk to me personally. They may have talked to somebody out—you know, they may have talked to somebody else in the department, but they did not talk to me personally.

Admiral BOORDA. No.

General FOGLEMAN. No.

General MUNDY. No.

Mr. EDWARDS. For the record, neither the White House, OMB, nor the Department of Education talked to any of you directly to ask your advice as our military leaders ask your advice on a program that could be as important as impact aid.

My second question would be along the lines of what you all have talked about. General Sullivan, you mentioned specifically that quality of life is an important factor in a soldier's and in a family's decision to stay in the Army; directly affects retention. Each of you has put a priority focus on quality of life and morale issues.

My question then would be, if impact aid is zeroed out in terms of, again, off-post children and their education, could it possibly have a serious impact upon the morale, therefore the retention, therefore the readiness of our military forces?

General SULLIVAN. In the extreme case, and it is hard to predict what the local communities would do. In an extreme case, they could demand, and there is some indication around the United States that this might be the case, that the children of military members living off post would pay tuition to go to a public school because they are paying taxes elsewhere.

They could demand payment in another way. They might even, and I am not sure of the legality of what I am going to say now, but some of these positions which are out there, that they could prohibit them from using the facilities. I am not sure that what I just said is legal.

I do not understand the legality of it, but there are positions out there which state that. The short answer though is I do not know. I do not know if any of those would be legally possible, but I can tell you there are threats out there that, that kind of behavior would go on which is why the Chiefs in the past have always felt that impact aid was very important.

We have so stated that position for the last 3 years that I have been the Chief.

Mr. EDWARDS. General Sullivan, could I put the question this way? Knowing that there are many communities around the country where the property tax rate to support the schools is already at State maximum allowable levels, and there is simply no room to make up for lost impact aid funds if they are cut, if the bottom line is we are going to downgrade the quality of education for our military families' children by cutting hundreds of millions of dollars out of the impact aid program, would that have an impact upon military morale?

General SULLIVAN. Yes. It has a major impact on it. I have three children who were educated in—we all have children. It is going to have a major impact on your force.

Mr. EDWARDS. Admiral Boorda and others, could you comment on this?

Admiral BOORDA. I think it is obvious that housing, decent medical care, education for your kids, those and a few other things are the basics of life.

If education got worse for our children, our people's children, if there was a great deal of resentment that could be felt by the military families that live there, if there was a financial burden on the families themselves because the government now was not willing to bear it, all of those things would of course reduce morale.

Mr. EDWARDS. Just to finish the question, Mr. Chairman, would it be all right for General Fogleman and General Mundy to respond?

The CHAIRMAN. The gentleman has time.

General FOGLEMAN. I think Admiral Boorda has capsulized it. This is one of those things that will be very hard to put your finger on, but it is an insidious thing.

Our troops' children and our folks themselves—I have lived in a community since I have been in the military that I was embarrassed to live in because the children of the military people on that installation were for all intent and purposes disenfranchised because of activities of a local school board.

I think that you create a climate where this could occur more and more with the lack of impact aid.

General MUNDY. As you have phrased the question, yes, it would have an impact.

Mr. EDWARDS. Thank you.

Thank you very much for your comments. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The gentleman from Texas, Mr. Tejeda.

Mr. TEJEDA. Thank you very much, Mr. Chairman.

General Mundy and General Sullivan, thank you very much for your outstanding service to our Nation in wartime and particularly during this difficult period of downsizing our military.

General Fogleman and Admiral Boorda, I look forward to working with you in these coming months and coming years.

General Mundy, I note with interest in your prepared statement that you have had to defer investment in your physical plant in terms of necessary maintenance and repair.

Could you please expand on this?

General MUNDY. In the maintenance of real property, would be the area that we are talking about there, Mr. Tejeda. I guess I will put it to you this way as a simple answer.

When I got here the backlog in the maintenance and repair of our facilities was about \$400 million. When I leave, it will be \$800 million. We are increasing funding against this now 50-year-old plant account at the earliest at some of our bases. We have increased funding against that, but it still is rising because it becomes cumulative just like interest.

My successor, if it goes on at that same rate, will be facing about a \$1.2 billion infrastructure backlog. The point is I think as a readiness matter we cannot continue to do that. At some point when Mr. Longley asked the question earlier, you know, at what point does it become a readiness problem?

For the Marine Corps, I think, in about another 2 years it becomes a readiness problem because we cannot continue to house young Marines in barracks that the doors close on and the bricks are standing up, but that the lights are hanging down from the ceiling and shower stalls.

We cannot continue to keep plastic sheets stretched across the rooftops at 20-year-old housing at Camp Pendleton weighted down by sandbags which we have today because it has been a rainy season. We have to, at some point, start investing in fixing that infrastructure.

To do that, without the funding to do that, the only way to get at that is to reduce, for me, manpower, and thereby operations, and thereby contributions and ability to execute the strategy.

That is somewhat the magnitude of our backlog of maintenance and repair. We just have fundamental things; roads that are breaking up; roofs that need fixing; those sorts of things around our bases.

Mr. TEJEDA. Thank you, General.

Speaking of manpower, General Mundy and General Fogleman, in your opening statements you briefly touched upon some of the problems that you are encountering with recruitment. Is this a result of lower spending on recruitment activities and is this a start of a disturbing trend that we may be seeing?

General Fogleman.

General FOGLEMAN. Certainly in our case it is not a case of lower funding on recruiting. We have generally had a rather modest recruiting budget. In fact, this committee and this body helped us over the last year or so by actually increasing recruiting funds.

I think it is a combination of things. It is the general perception out there that the military is going out of business because they hear about this downsizing. I think another dimension of it has to do with the fact that we are in one of those demographic valleys where we have fewer youth that are available to recruit.

So, those combinations of things are really starting to pinch.

Mr. TEJEDA. General Mundy.

General MUNDY. I think we all see the same awareness and attitude, tracking surveys and youth attitude surveys, that measure what the youth intend to do. Those are things that come out of that.

There are some very good things for America that contribute to that. There are some tax incentives to having your kid go to college. That is good for the taxpayer and for the family. It is an incentive to go to school as opposed to come in, say, first to the military and then maybe go to college later.

That is an incentive. So, college enrollment is up. As he mentioned, the qualified military available is down. The awareness and attitude surveys, as I mentioned, went by about a 22-percent increase in the number of people of military age that say that they do not intend serving in the military.

I do not think it is a dislike or a disgust, but it is rather just something of a disinterest and a feeling as he characterized that maybe there is not a relevance to serving in the Armed Forces anymore.

So, we need support across the country, not just people out yelling join the Marines or something, but that level of support to recognize that while each of our services has contributed to war fighting, probably the greatest contribution that the Armed Forces and that service in the Armed Forces gives to a person is the self-discipline, and the focus, and the ability to return after 4 years out into the American society, and to be an even more successful person as a result of the training and the personal qualities that have been gained out of that.

Mr. TEJEDA. Thank you very much.

Thank you very much, Mr. Chairman.

General SULLIVAN. Can I put something into the record?

The CHAIRMAN. Certainly.

General SULLIVAN. I want to jump on something Carl said.

We need your support in this effort to recruit. Last year you gave me, in the case of the Army, more money for advertising. I want to make a point.

In 1990 we had to talk to 100 young people. This was not just talking to them over the radio. This was talking one-on-one. We had to talk with 100 to get 1. Today we have to talk to 160 to get 1.

That requires men and women on the street, in the recruiting force and it requires dollars to get to them in general so that you can get to them specifically.

We need the support of the Congress of the United States to do that or the quality force will not exist. It will not exist. It goes right to your colleague's question about impact aid. These are fragile institutions we are dealing with here.

If we do not have quality people, we are in trouble. I was briefed yesterday by an E-4; an E-4 in Haiti who does things that you would not have asked an officer to do. We are doing things with sergeants and E-4's and lieutenants because they are quality people.

It all starts right there though. That is a terrific area for discussion; just the two areas that you are focusing in on. We have got to be careful.

Mr. TEJEDA. General Sullivan, can you cite that statistic again that in which year you had to talk to 100 to get 1?

General SULLIVAN. In 1990 the recruiters in the Army had to talk to 100 people. That is one-on-one now. That is not a figure like I am up standing talking to a group. It is one-on-one. The person has to respond. I am interested in talking. In 1994 it was 160 contacts to recruit 1 and in 1990 it was 100.

Mr. TEJEDA. Mr. Chairman, if I may, I would like to also ask the other service Chiefs to see if that statistic proves through in their branch.

The CHAIRMAN. Sure.

Admiral BOORDA. Let me just say, there is no magic to this stuff, if you do not mind, Mr. Chairman. There are fewer youngsters, General Fogelman's comment. They have not seen as much advertising. We cut our advertising budgets and you all cut our advertising budgets as we downsized. So, they have not seen that.

The word was really kind of out there as we began to work at—they are downsizing. They are not hiring. The universities, faced

with less kids, recruit harder. Now, you are facing that recruiting. In fact, they are even recruiting outside of the United States. I do not know if you saw that in the paper a few weeks ago, but they are.

So, we have a lot tougher market. It turns out in the Navy that we know on average if you have a decent advertising budget and a standard market like maybe we had in the middle 1980's that a recruiter will get between one and a half, two recruits per month.

Now we are down closer to the one and a half because of what General Sullivan said. You have got to talk to more people. The answer is to do more advertising and put more recruiters out there and try to get it a little closer to two, and more people doing it. This is not really rocket science. It is kind of plain old math. We really do need your support.

General MUNDY. I know we are going a long time, but I think this is fundamentally important, if I may just jump in and add on, Mr. Chairman, with your permission.

The CHAIRMAN. It is important.

General MUNDY. What has been also said here is that the recruiters—I will tell you that the toughest job in the Marine Corps is not being deployed for 6 months to the Mediterranean or somewhere else, but it is recruiting.

Our recruiters work I think the average in the surveys that are done are over 50 hours a week. We break marriages out there. We tear people up out there because it is a very difficult job. They are competing. Two years ago we passed the National Voter Registration Act.

We gave the responsibility to the recruiting services to register voters out there. There is a perception I think that the recruiter sits, you know, and waits for somebody to walk in the door and come in and say I want to join the Marine Corps.

It is very much, as has been described down at this end, it is an after hours, nights and weekends just like a real estate agent type of effort and with a lot of phone calls during the day. We are really riding these people hard and putting them away wet. It is a hard job.

General SULLIVAN. Can I ask your indulgence?

The CHAIRMAN. General Sullivan, these are important questions.

General SULLIVAN. You know at the beginning when I talked about fences, let me give you a real data point here. The 1994 Defense Authorization Act gave me a 10 percent, legislated a 10 percent reduction in my recruiting force because someone saw that we were getting smaller. So, boom, take it out. Last year, thankfully, you repealed that and you let me put more recruiters on the street.

So, you permitted me—I do not know about the others. I do not know if the others were buffeted by the same kind of a fence. Gentlemen, I have a big organization to run. It takes quality people. You give me the money. I would presume you would let us do it without fences.

This is very competitive; 160 contacts. As General Mundy said, this is hard business. I need men and women on the street. I had to put more recruiters on the street.

The CHAIRMAN. That is an important question. I appreciate your answers, all of you gentlemen.

Mr. Taylor, the gentleman from Mississippi.

Mr. TAYLOR. Thank you, Mr. Chairman.

Let me begin by thanking General Sullivan and General Mundy for their service and offering on behalf of the committee, if no one else has, our deepest regrets at the loss of Admiral Boorda's father.

Admiral BOORDA. Thank you.

Mr. TAYLOR. It is never an easy time.

Admiral Boorda, if I might start off with you. I just recently saw your base at Guantanamo, the ship that is being charted to house, I am not so sure if it is military or civilian workers there, but it is obviously an expense as you mentioned in that million dollars a day. Years ago I had a chance to see your installation at Naples and become aware of the tremendous, again, expense, not only to the Navy but of also to the young men and women who serve in the Navy of living out on the local economy.

With that in mind, has much thought been given to the purchase of a floating quarters? In particular, I just saw down in Panama the buildings that have been ransacked by the Panamanians once we turned them over.

It just seems like a terrible waste whereas if we had floating quarters, if some nation decides that they do not want us there, we could take them with us.

Admiral BOORDA. I think that would be very expensive. I would have to go do some homework. No, we have not given it serious consideration. I will tell you why. We do some of that when we put ships in shipyards.

The living barges that we build, of course we build them to a better standard. We want it to be decent for U.S. Navy people to live in. When you build something like that, you are talking about a significant investment.

Mr. TAYLOR. If I am not mistaken, a study will be coming out shortly on that. I sure wish you would give it every consideration.

Admiral BOORDA. I will. There are some offers that I am aware of; people who are talking about doing such things. We will take a look at it and I will come back to you.

Mr. TAYLOR. General Mundy, I am distressed at the least to hear that the administration plans to delay the LPH. As you know, this committee did fund, forward fund, to the tune of \$100 million the first year of LHD-7 making the decision that it just made more sense to complete a series of ships and get the economies of scale and the fixed price that we had, rather than tossing the dice and beginning LPH, only to go back to LHD-7, now what looks like could be 10 years from now.

What is the name of the vessel that LHD-7 would replace? If you cannot answer off the top of your head, what does it cost since this vessel will now, in all probability, be kept in the fleet until something like 2007? What is it going to cost to keep that older vessel in the fleet for those last 5 years that you would not have?

It is my understanding from what I know about ships, when you get to the tail end of a cycle you are spending an enormous amount of money just trying to keep the thing going as opposed to money that could have gone to a newer more capable vessel.

The second question is, when it comes down to the decision this committee has to make on LHD versus the LPH, what does the LHD give you that the other cannot?

General MUNDY. Congressman, what I would like to do is defer your first question to Admiral Boorda. I think he would be better equipped to tell you the cost of keeping the LPH in.

Admiral BOORDA. We are sitting here having a Navy argument between us about whether it is Guam or Guadal Canal, but it is one of those two ships. It is one of the LPH's.

Mr. TAYLOR. But I have got to believe that ship will be getting over 30 years in its life. At some point you literally hit a cliff on the cost of keeping that vessel going.

Admiral BOORDA. Mr. Taylor, it is not free. First of all, you have a lot less capable ship. You are going to have to do more repair. We are talking about a steam plant that is very old, elevators that are old. You are absolutely right. The problem is cash flow, plain and simple.

Mr. TAYLOR. Admiral, with that in mind and again I hope at some point before my time is up if the General could give us, from the Marine's perspective, his opinion of LHD versus LPH. It used to be the LX. It was a lot easier to say. I would sure like it in the testimony if you could get that on the record.

General MUNDY. I can do that very quickly for you. It is a newer, modern, more capable ship. It is a bigger ship. It has a weld deck, a flight deck, a hospital, state-of-the-art command and control capabilities.

It can carry both helicopters and tactical jet aircraft simultaneously and operate them. It is a much more capable ship than the 1960's vintage LPH which did not have those characteristics, at least to the same extent. So, it is a new vessel, much more capable compared to a 30-year-old much less capable vessel.

Mr. TAYLOR. Admiral, if I may, one more question.

The CHAIRMAN. Your time is about up, but go ahead and try to get it in.

Mr. TAYLOR. Admiral, my last question is, and all of you have talked about the historical cycle of defense funding. Since we are hopefully nearing the bottom, and since it is sort of an American political cycle where it is my presumption that the next President, whether that be 4 years from now or whatever, is probably going to want to spend more money on defense.

Would it not make sense to try multiyear funding for some of these larger vessels until this cyclical Congress comes along and decides to spend some more money on defense to get us through this shortfall?

Admiral BOORDA. There are two very good reasons not to do multiyear funding. One, you tie yourselves to your previous year's decision. It gets very hard to not to honor that. So you have spent money. It makes it very hard for you to review that again in the next year.

The second thing is the administration. We and the whole government ties itself to the decision without having to perhaps sometimes recognize the full cost.

Mr. TAYLOR. Didn't you fund the *Seawolf* that way, Admiral?

Admiral BOORDA. I am trying to be fair in my answer. That is the downside.

The plus side of it all is that you are obligating the money, appropriating the money, if you will in the year that you are going to spend it. That may be a more risky thing to do. Clearly, that would be a very good case for multiyear funding.

My guess is that you would not get any comptroller to ever agree with what I just said because you lose control of the money when you do that.

Mr. TAYLOR. But it is how you funded the *Seawolf*.

Admiral BOORDA. I am not a comptroller.

Mr. TAYLOR. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, gentlemen.

The time has arrived, the predetermined time, to adjourn these hearings. I do appreciate your contribution. I apologize to the other Members who did not have an opportunity to ask questions.

I would like to remind you that if you could get to us your list of adds in response to various questions asked, we certainly would appreciate it, because we are going to be working on this in anticipation of our authorization bill.

The Chairman. Thank you very much, gentlemen.

[Whereupon, at 1:30 p.m., the hearing adjourned.]

[The following questions and answers were submitted for the record:]

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEB 95

QUESTION NUMBER 1a, 1b, 1c

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OPERATING IMPACTS ON TRAINING

Mr. Spence: How has the high pace of operations impacted your service's ability to conduct scheduled training?

General Sullivan: Units involved with contingency operations have made significant adjustments to scheduled training in order to prepare for, execute or support, and recover from contingency operations. These units have canceled or modified numerous training events scheduled at home station -- events originally designed to address tasks essential for warfighting, but refocused on tasks required to accomplish specified contingency missions. Some major training events were canceled.

Mr. Spence: How many exercises have been canceled?

General Sullivan: Four major training events -- an armor battalion canceled a tank gunnery event to deploy to Haiti, an airborne infantry brigade canceled a Jungle Operations Training Center rotation to support another unit's deployment to Panama, a division canceled a Battle Command Training Program event to deploy to Haiti, and a corps canceled a Battle Command Training Program event while deployed in Haiti.

Mr. Spence: Has unit training in core competencies been deferred?

General Sullivan: No, Military Operations Other Than War require different conditions, but many of the same tasks as warfighting. Commanders adjust their Mission Essential Tasks List (METL) to meet the requirements of assigned missions. In contingency operations the Army often has three units involved; one training to assume the mission, one executing the mission, and the third recovering. Units continue to train and focus on the missions assigned. One infantry brigade reported that collective training above squad level was impossible to train to standard while deployed in a contingency mission. However, upon return to home station, the unit trained to warfighting conditions and recovered its proficiency.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-95 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: How has the high pace of operations impacted your Service's ability to conduct scheduled training? How many exercises have been canceled? Has unit training in core competencies been deferred?

Admiral Boorda: The high pace of operations and support for joint contingency operations has minimally impacted Navy's ability to provide fully trained, combat ready units to theaters overseas. In FY94, with Operations SUPPORT DEMOCRACY as the sole exception, Navy responded to all contingency operations with deployed forces, already in a fully trained and ready status.

Owing to SUPPORT DEMOCRACY in Haiti, which commenced two months prior to her scheduled Mediterranean deployment, USS DWIGHT D. EISENHOWER canceled a combined Fleet exercise designed to concentrate on battle group interoperability and airwing qualifications. Following the successful completion of its SUPPORT DEMOCRACY mission, the EISENHOWER battle group deployed as scheduled, and completed remaining required training en route to the Mediterranean. Although the battle group arrived fully mission capable, it is the Navy's preferred policy to conduct such training prior to deployment.

INSERT FOR THE RECORD					
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## OPERATIONS

UNCLASSIFIED

Mr. Spence: How has the high pace of operations impacted your service's ability to conduct scheduled training? How many exercises have been canceled? Has unit training in core competencies been deferred?

General Fogelman: Peacetime OPTEMPO has risen dramatically since the end of the Gulf War. During 1994, numerous contingency operations such as Provide Comfort, Southern Watch, Restore Hope, and Deny Flight increased the demand for Air Force resources at a time when the force structure downsizing was nearing its conclusion. Some personnel in high demand specialties experienced abnormally high deployment rates and some minor training shortfalls. These shortfalls ranged from incomplete training events to missed training opportunities, such as the inability to attend large scale training exercises.

While the Air Force did not cancel any training exercises during FY94, some units were forced to cancel their participation due to contingency commitments. The shortfalls experienced during the year are trends which may degrade critical combat skills if left unchecked. Therefore, the Air Force fielded several initiatives to mitigate the impact of high OPTEMPO/PERSTEMPO:

- Additional Air National Guard and Air Force Reserve augmentation
- Worldwide Combat Air Force support of contingency operations
- Selective relief from heavy taskings
- Cross utilization of support personnel through PALACE TENURE
- Increased crew ratios

The Air Force believes these measures will soften the impact of high OPTEMPO while maintaining our ability to provide the force structure and relevant training to respond to all National Military Strategy taskings.

Contingency operations caused the Air Force to defer some core competency training during 1994. Due to taskings in support of ongoing operations in Bosnia and Southwest Asia, several squadrons were forced to defer training in secondary mission areas until 1995. While this training had no impact on the capability to perform their primary conventional missions, it did defer completion of training for a small number of secondary missions specified in their Designed Operational Capability statement. Our initiatives to mitigate the effects of high OPTEMPO will even the workload distribution throughout the Air Force and prevent any further loss in core competencies.

UNCLASSIFIED

## HOUSE NATIONAL SECURITY COMMITTEE

## HEARING ON: POSTURE STATEMENTS

22 FEBRUARY 1995

## QUESTION FOR THE RECORD

QUESTION NUMBER 1**Operations & Training**

**Question:** How has the high pace of operations impacted your service's ability to conduct scheduled training?

**Answer:** Deployments have interrupted training cycles. Because units schedule training well in advance, when a unit is deployed during its scheduled training time, it is inevitable that some scheduled training opportunities will be lost. Funds expended in contingency operations reduce funding available to conduct routine training. Consequently, exercises must be reduced in scope or canceled if additional funding is not provided.

**Question:** How many exercises have been canceled?

**Answer:** Because of real-world contingencies, the Second Marine Division, lost three battalion-sized training opportunities since July 1994. In October, 1994, CAX 1/2-95 was canceled in order to ensure forces were available for Operation Vigilant Warrior.

**Question:** Has unit training in core competencies been deferred?

**Answer:** The cohesion of the Marine Air-Ground Team is fundamental to Marines' future success. MAGTFs need to train as a team. Aviation flight hours have been effected. High pace of operations have resulted in a reduction in our ability to train to desired standards. High pace of operations also affect availability of Navy amphibious ships required for necessary Marine training.

Prior to deployments, units undergo a strenuous pre-deployment training cycle. There has been no significant decline in pre-deployment training for deploying forces.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY96 ARMY BUDGET/POSTURE  
22 FEB 95

QUESTIONS #2a,b,c

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OPERATIONS IMPACT ON TRAINING

Mr. Spence: What have you identified as the units or capabilities most stressed in meeting operational requirements?

General Sullivan: A recent review of the deployment tempos of Army forces shows that Special Forces, Military Police, Air Defense and Infantry units are among the most frequently deployed. This includes deployments to places like Haiti, Macedonia, Guantanamo Bay, and Korea.

Mr. Spence: What has been the impact on readiness of these units or capabilities to respond to regional conflicts?

General Sullivan: Presently, there has been no noticeable degradation in readiness or capability to respond to regional conflicts. This does, however, raise our awareness of issues such as availability of lift to move units between areas of operations should the necessity arise.

Mr. Spence: Are you satisfied that sufficient corrective action is being taken to relieve this situation?

General Sullivan: Yes. Currently, the Services are studying movement and lift requirements.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-95 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: What have you identified as the units or capabilities most stressed in meeting operational requirements? What has been the impact on readiness of these units or capabilities to respond to regional conflicts? Are you satisfied that sufficient corrective action is being taken to relieve this situation?

Admiral Boorda: In August 1994, when queried by the Joint Staff on the same issue, we identified our five most heavily stressed units to be: aviation squadrons and surface ships operating from Japan (Overseas Family Residency Program units (OFRP)); Atlantic Fleet-based surface ships (surface combatants and amphibious ships); maritime patrol and reconnaissance aircraft (P-3 and REEF POINT), attack submarines; and LAMPS helicopters. While these five categories of units are rated as "high operating tempo" units, their respective Personnel Tempo of Operations (PERSTEMPO) profiles continue to meet, or exceed, our high PERSTEMPO standards.

I am satisfied that Navy's PERSTEMPO Program continues to be a viable means to render full support of national objectives while, concurrently, doing so under reasonable operating conditions for our personnel and their families. Navy PERSTEMPO is on an improving trend, returning to pre-DESERT STORM levels. We are constantly looking for additional measures to improve efficiency and PERSTEMPO through innovative scheduling and more imaginative planning. For example, new training guidelines are now being established by CINCLANTFLT and CINCPACFLT which are intended to reduce both negative Fleet PERSTEMPO and OPTEMPO levels without degrading readiness. Other measures are underway, all intended to sustain a combat ready force while concentrating on additional improvements in quality of life initiatives for our Sailors.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
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## OPERATIONS

UNCLASSIFIED

Mr. Spence: What have you identified as the units or capabilities most stressed in meeting operational requirements? What has been the impact on readiness of these units or capabilities to respond to regional conflicts? Are you satisfied that sufficient corrective action is being taken to relieve this situation?

General Fogelman: The significant increase in taskings for contingency and peacekeeping operations created a high demand for certain critical aerospace assets which cross the spectrum of Air Force missions. Our most stressed units during 1994 included high demand support assets such as the RC-135 Rivet Joint, EC-130E Airborne Battlefield Command and Control Center (ABCCC); and AC-130 gunships, United States Air Forces in Europe (USAFE) fighter squadrons, and other critical enabler units such as the Airborne Warning and Control System (AWACS) and rescue. This high OPTEMPO produced some minor training shortfalls in the high demand units. Examples of these shortfalls include:

- USAFE F-15E, F-15C, and A-10 aircrews required some waivers in FY94 for incomplete training events
- Both USAFE F-15E squadrons were unable to attend Maple Flag and Weapon System Evaluation Program training during 1994
- Mission qualification upgrade training was impacted for AWACS, ABCCC, and AC-130 units due to the high deployment rates of instructors and aircraft

While none of these examples are indicative of an overall decline in the high state of Air Force readiness, they are trends which may degrade critical combat skills if left unchecked. The initiatives fielded by the Air Force to mitigate the effects of escalating OPTEMPO/PERSTEMPO on these high demand units will allow commanders to refocus training opportunities and rehone the fine combat edge of these squadrons. I believe we are starting to see the payoff from our efforts, which will enable the long term focus of the Air Force to continue its emphasis on force stability while maintaining the capability to provide the Nation a preeminent air and space force that is ready to respond to any worldwide tasking.

UNCLASSIFIED

## HOUSE NATIONAL SECURITY COMMITTEE

## HEARING ON: POSTURE STATEMENTS

= 22 FEBRUARY 1995

## QUESTION FOR THE RECORD

QUESTION NUMBER 2

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**Readiness**

**Question:** What have you identified as the units or capabilities most stressed in meeting operational requirements?

**Answer:** The operating forces have, at times, been stretched meeting our operational requirements. Higher demands have been placed on some infantry battalions, aviation squadrons, and support units. Maintenance personnel have also been heavily employed maintaining older equipment that has been used more than expected under routine peacetime and contingency operations.

**Question:** What has been the impact on readiness of these units or capabilities to respond to regional conflicts?

**Answer:** Units deployed on unscheduled operational commitments may not be immediately available to deploy for regional conflicts. Deployment in support of regional conflicts may be delayed.

**Question:** Are you satisfied that sufficient corrective action is being taken to relieve this situation?

**Answer:** Yes, corrective action is being taken. Commanders are managing the impact of contingencies.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY96 ARMY BUDGET/POSTURE  
22 FEB 95

QUESTIONS #3a,b

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FORCE READINESS

Mr. Spence: Do you expect the high pace of operations to continue?

General Sullivan: As long as we continue to support the National Military Strategy with a 10 division force, the pace of operations will remain high.

Mr. Spence: If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements.

General Sullivan: We need stable, sufficient funding at our FY95 levels. This funding must be protected from the effects of unplanned contingencies, with prompt reimbursement through supplemental appropriations. We must also provide commanders with the flexibility to manage their resources without floors or fences.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-95 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: Do you expect the high pace of operations to continue? If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements?

Admiral Boorda: While it is impossible to forecast the future, history tells me that a strong naval presence, forward deployed, will continue to be a vital part of our national security strategy. We have developed four guiding programming principles intended to preserve our high state of readiness over both the near and long term. First and foremost is the absolute need to maintain the quality and morale of our sailors, since the force can only be as good as the people who man it; we must preserve our readiness for combat through force modernization, realistic training, and related areas; we must promote efficient use of our resources; and, we must keep our warfighting edge through advanced technology.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
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## OPERATIONS

UNCLASSIFIED

Mr. Spence: Do you expect the high pace of operations to continue? If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements?

General Fogelman: My long-term view of the world political situation indicates that contingency and peacekeeping operations are going to be a fact of life for the foreseeable future. Therefore, I do not anticipate a significant reduction in the overall tasking levels for the Air Force, although I do expect our current initiatives to reduce the abnormally high deployment rates experienced by high demand units during 1994.

Based on the premise that current contingency tasking levels will continue, I have two concerns that may significantly constrain our capability to maintain current readiness levels in the future. First, in the short-term, failure to receive timely 1995 supplemental funding will seriously degrade this year's readiness levels and create a funding bow wave in 1996. The potential impacts could include reductions in flying hours, cancellation of major training exercises, and deferral of quality of life upgrade initiatives. The Air Force budget simply cannot absorb the cost of contingency operations without significant reductions in our current readiness levels.

My second concern regards long-term readiness and the ability of the Air Force to provide a force structure that is both ready and relevant against future threats. To sustain this combat force into the 21st century requires properly sequenced modernization investments to produce timely force structure upgrades without inducing out year funding bow waves. The current budget plan achieves this delicate balance, but little slack remains for unplanned or unprogrammed requirements. Our modernization accounts have been reduced to the minimum and continuing to pay for readiness from these funds will sacrifice the readiness and capability of tomorrow's force.

UNCLASSIFIED

## HOUSE NATIONAL SECURITY COMMITTEE

## HEARING ON: POSTURE STATEMENTS

22 FEBRUARY 1995

## QUESTION FOR THE RECORD

QUESTION NUMBER 3**Readiness**

**Question:** Do you expect the high pace of operations to continue? If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements?

**Answer:**

There is no way of knowing what the future operational pace will be.

In the short term, we need to ensure adequate O&M funding and obtain timely reimbursement for unscheduled contingency operations.

In the long term, adequate resources must be available to support necessary operations and training while investing in modernization programs, infrastructure support, and replenishing ammunition stocks.

QUESTIONS FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

## QUESTION NUMBER 4

## CIVILIAN PERSONNEL MANPOWER CEILINGS

Mr. Spence: The Clinton Administration has accelerated the reduction of civilian personnel in Federal agencies to reach endstrength ceilings established by the National Performance Review. These civilian personnel reductions are having an effect on the ability of the services to perform certain functions. Of particular concern is depot maintenance, where there is work to do and funds available, but, because of the personnel ceilings, the workload cannot be performed. What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

General Sullivan: Civilian personnel ceilings and controls do have an impact on the management and execution of all Army programs including depot maintenance requirements. The Federal Workforce Restructuring Act of 1994 placed a limit on Full-Time Equivalents (FTE) for all Executive Branch agencies including the Department of Defense. With the FTE (workyear) restriction on the total Army, this limits the number of workyears available to perform depot maintenance.

The performance of depot maintenance requirements is further restricted by Title 10, Section 2466 which requires that no more than 40 percent of the funds made available in a fiscal year can be utilized to perform depot maintenance by non-government employees. Consequently, additional contract depot maintenance workload cannot be performed without an offsetting organic workload or without a specific readiness waiver to Title 10, Section 2466.

The Army has funded the FY 96 Depot Maintenance Program at 80 percent of requirements. Given these competing restrictions, it is unlikely that the Army could execute a significantly increased level of depot maintenance requirements in FY 96.

The Army would prefer to manage the civilian workforce based on funded workload, which provides the flexibility to manage within budgeted funding levels. The Army used this type of manage-to-budget system prior to the implementation of FTE workyear controls.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON: FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION NUMBER 4

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CIVILIAN PERSONNEL

Chairman Spence: The Clinton Administration has accelerated the reduction of civilian personnel in Federal agencies to reach end strength ceilings established by the National Performance Review. These civilian personnel reductions are having an effect on the ability of the Services to perform certain functions. Of particular concern is depot maintenance, where there is work to do and funds available, but, because of the personnel ceilings, the workload cannot be performed.

o For each witness: What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

o For each witness: To what extent has civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilian employees?

Admiral Boorda: The Department is currently executing the budget under a statutorily imposed full time equivalent work year ceiling. This means of management control is very constraining. Manpower requirements for depot maintenance activities are developed based on the projected workload that will be physically accomplished in each fiscal year. As such, the manpower plan reflects the personnel required to do the budgeted workload. However, because Depot maintenance activities operate within the Defense Business Operating Fund (DBOF), their workload is entirely dependent upon customers buying their services. Force structure, operational commitments, international contingencies and emergency requirements force DBOF customers to continually adjust the timing and size of their work requirements. Executing this workload under FTE limitations at these activities is a challenging task. The only management flexibility available under this control to accommodate emergent workload is through the use of overtime or contracting out; both of which can be more costly and less effective than hiring a temporary work force. As the Department downsizes, more flexibility to adjust the

HOUSE NATIONAL SECURITY COMMITTEE  
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QUESTION FOR THE RECORD  
QUESTION NUMBER 4 (CONT.)

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work force during execution is required, not less to accomplish emergent workload while minimizing the need to initiate adverse personnel actions which are costly and disruptive to ongoing programs. From FY 1985 through FY 1994 the Department has successfully executed mission requirements within budgeted levels under the Managing to Payroll (MTP) concept while downsizing by 25 percent with a minimum of adverse actions. The additional flexibility under MTP allowed managers to adjust work force levels within funded program dollars to execute emergent maintenance and readiness related requirements and avoid costly work arounds.

Military personnel have not been substituted for civilian employees in depot maintenance activities.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
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## REDUCTION IN CIVILIAN PERSONNEL

UNCLASSIFIED

Mr. Spence: The Clinton Administration has accelerated the reduction of civilian personnel in Federal agencies to reach end strength ceilings established by the National Performance Review (NPR). These civilian personnel reductions are having an effect on the ability of the services to perform certain functions. Of particular concern is depot maintenance, where there is work to do and funds available, but, because of the personnel ceilings, the workload cannot be performed. What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

General Fogleman: We clearly recognize the need to downsize infrastructure to match operational reductions and have undertaken numerous actions to accomplish this admittedly painful process. Your question addresses two issues; the ceilings imposed by the NPR and the execution of depot maintenance requirements. Civilian personnel ceilings concern us because they restrict our flexibility to meet the dynamic changes represented in our day-to-day mission. Regarding execution of depot maintenance requirements, your assertion that, "...because of the personnel ceilings, workload cannot be performed," is not entirely accurate. Mismatches normally occur between requirements and available capability. In general, we currently have more capability (depot personnel on board) than workload. This situation is being addressed across our depot maintenance community with various downsizing actions including incentivized voluntary departures, early retirements, and involuntary reductions-in-force, of which Congress has been advised. Our overarching concern is maintaining the flexibility to freely adjust the work force to meet depot maintenance requirements.

UNCLASSIFIED

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON CMC POSTURE STATEMENTS**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION # 4**

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**Mr. Spence:** What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

**Answer:** Civilian personnel ceilings limit our ability to manage the execution of the depot maintenance requirements in the most efficient manner and still meets the needs of the Fleet Marine Force. In prior years, when we had no civilian personnel ceilings, we were better able to manage the execution of depot maintenance by hiring the necessary workforce to meet the work load. That option allowed us the flexibility to tailor our workforce to meet the execution of our funded workload.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 4b.

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CIVILIAN DOWNSIZING IMPACT

Mr. Spence: To what extent has civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilian employees?

General Sullivan: Downsizing initiatives and budget reductions are requiring commanders to find efficiencies and to look for other ways of accomplishing required workload. Finding other ways of doing work is being done through our various Force XXI initiatives and the National Performance Review, which encourages contracting out of non-core work. Your assistance is needed to ensure that we get the legislative changes that are needed to assist with the civilian draw down and the transition of non-core work from our in-house workforce to the private sector.

It is true, however, that some soldiers are being occasionally used to perform work that was formerly accomplished by civilian employees. The Army has specific manpower management policies in place regarding how soldiers may be used to perform peacetime work that is normally assigned to civilian employees or contracted out. Soldiers can be used to support peacetime work when the work to be accomplished is career-enhancing (i.e., generally consistent with their military occupational specialty), sustains critical skills, and does not adversely affect unit readiness.

The effect of borrowed military manpower and troop diversion on a unit's ability to conduct training is monitored in the Unit Status Report. There has been a small rise in the number of units reporting adverse impacts on training; however, causative factors are not clear. The total number is still considered manageable.

INSERT FOR THE RECORD					
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## REDUCTION IN CIVILIAN PERSONNEL

UNCLASSIFIED

Mr. Spence: To what extent has civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilian employees?

General Fogleman: It is Air Force policy not to assign military personnel to accomplish work formerly done by civilian employees whose positions were eliminated in civilian downsizing. If an eliminated civilian position is in a mixed civilian/military work center, the eliminated civilian's work may be distributed to the remaining civilian and military personnel. However, the eliminated civilian position will not be back-filled with military personnel and additional military personnel will not be added to a work center prior to the elimination of a civilian position.

UNCLASSIFIED

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON CMC POSTURE STATEMENT**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION #5**

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**Mr. Spence:** To what extent has the civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilians?

**Answer:** The Marine Corps has not assigned military personnel to accomplish work formerly done by civilians.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 7a / 7b

PERSONNEL TEMPO

Mr. Spence: Secretary Perry and General Shalikashvili have suggested that personnel tempo is only a problem in select units, such as the 10th Mountain Division, which has been tasked heavily over the past two years and is just now coming home from Haiti. How does the Army measure personnel tempo to know when there is a problem?

General Sullivan: The Army has only recently begun measuring Personnel Tempo and is still refining its reporting system. We have begun looking at unit deployment rates, or DEPTEMPO, and we are measuring the deployment rates for each of the various skills, or SKILLTEMPO. DEPTEMPO is determined by looking at the types and numbers of units deployed and deriving a deployed percentage for each category, such as infantry or air defense. Where a high percentage is noted, we can look to see what units are being deployed and with what frequency. SKILLTEMPO captures rates for the various specialties since soldiers possessing certain needed skills may be attached to units or deployed in smaller groups. We are confident that once these systems are fully implemented, we will be able to identify problem areas and adjust accordingly.

Mr. Spence: What is being done to spread the pain of deployment to other units, if the personnel tempo problem is a concern for select units only?

General Sullivan: Where possible, we are rotating units into Haiti that have not been previously deployed. As an example, we have already replaced the 10th Mountain Division with the 25th Infantry Division from Hawaii, a unit which had not been previously tasked. We are using volunteer reservists to lift deployment burdens from the active component such as the volunteers from the Army National Guard's 29th Infantry Division currently deployed to the Sinai as part of the Multinational Force and Observers (MFO) task force. We are also using civilian contracting to back-fill military personnel requirements such as those that assumed the humanitarian mission in Rwanda, and the contract civilians replacing low density support personnel such as logistics specialists and linguists currently needed in Haiti. We are also replacing heavily deployed Military Policemen with combat arms soldiers for Migrant Security operations. We will continue to take all feasible actions to spread deployment requirements across the Army but with the recognition that some units and soldier specialties, by virtue of their mission and skills, will be required to deploy more frequently than others.

**QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995**

**QUESTION NUMBER 8a/8b**

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**CONTINGENCY OPERATIONS**

**Mr. Spence:** Does the FY 95 supplemental request cover all of your service's unfunded contingency operations costs?

**General Sullivan:** No. It does not cover those contingencies that have occurred after the supplemental was submitted. These are: Peru/Ecuador Border Observer Mission; Palestinian Police Force Drawdown support; deployment of an additional two brigades to Panama and Guantanamo for security during movement of Cuban refugees; and additional funding for reconstitution of equipment being retrograded from Somalia.

**Mr. Spence:** If not, how much remains unfunded?

**General Sullivan:** A total of \$25.6 million, as follows: \$1.5 million for Peru/Ecuador Border Observer Mission; \$3.5 million for the Palestinian Police Force Drawdown; \$10.7 million for Panama/Guantanamo Security; and \$9.9 million for Somalia Equipment Retrograde.

**HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD**

Chairman Spence: Does the FY 95 supplemental request cover all of your service's unfunded contingency operations costs? If not, how much remains unfunded?

Admiral Boorda: The Department of the Navy (DoN) FY 1995 supplemental request totaled \$474.5 million. Subsequently, DoN has identified an additional \$88.5 million in the costs of ongoing contingency operations which were not included at the time of the original supplemental request, bringing total supplemental requirements to \$563 million. The proposed supplemental request as well as the additional costs are as follows:

**FY 1995 CONTINGENCY SUPPLEMENTAL**

	PROPOSED SUPPLEMENT	CURRENT ESTIMATE	DELTA	PRIMARY REASON
<b>Somalia</b>	12.2	20.6	+8.4	USMC flying hours for extraction support and reconstitution of equipment.
<b>Bosnia</b>	49.9	54.5	+4.6	Additional flying hours and TAD reflects actuals.
<b>S. W. Asia</b>	98.0	104.7	+6.7	Additional flying hours due to revised CVBG deployment patterns.
<b>Korea</b>	30.6	30.8	.2	Miscellaneous.
<b>Haiti</b>	42.2	40.7	-1.5	Reduction in cost due to migrant departures.
<b>Cuba</b>	241.6	311.7	+70.1	Increased subsistence costs for migrants and military personnel, improvements to infrastructure, slower outprocessing of migrants.
<b>Subtotal</b>	<b>474.5</b>	<b>563.0</b>	<b>+88.5</b>	

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE	LIME NO.		INSERT NO. HS-01-006	

## CONTINGENCY OPERATIONS

UNCLASSIFIED

Mr. Spence: Does the FY95 supplemental request cover all of your service's unfunded contingency operations costs? If not, how much remains unfunded?

General Fogelman: The FY95 Emergency Contingency Supplemental identifies the incremental costs related to the continuing support of humanitarian, peacekeeping, and peace enforcing operations for which funding was not provided in the enacted appropriations. The increased funding requirement in FY95 results from ongoing actions in Bosnia, Southwest Asia, Haiti/Cuba, and Korea. The supplemental also includes funding for redeployment/reconstitution costs associated with Rwanda. The total of the Air Force request is \$968.5 million. This estimate assumes that all reimbursements for operations covered in this supplemental will be returned to the Miscellaneous Receipts of the Treasury. This request was built based on funding the FY95 costs of known contingency operations. Any additional operations will increase supplemental requirements.

UNCLASSIFIED

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON: DOD POSTURE

22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION NUMBER 6

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CONTINGENCY SUPPLEMENTAL

Question: Does the FY 95 supplemental request cover all of your service's unfunded contingency operations costs? If not, how much remains unfunded?

Answer: Yes, both the House and Senate versions of the supplemental fully support the contingency operations costs we have identified.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 9a/9b

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CONTINGENCY OPERATIONS

Mr. Spence: What ongoing contingency operations are expected to still be underway at the beginning of FY 96? What are the estimated costs for these operations and how do you plan on paying for them?

General Sullivan: Currently, for ongoing missions in Southwest Asia, Haiti, Cuba, and Bosnia, we plan to request funding in a supplemental appropriation similar to the one submitted this year. We project Southwest Asia costs to be \$65 million, but the costs in Haiti, Cuba, and Bosnia will be based on the scope of the operations, and cannot be projected at this time.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: What ongoing contingency operations are expected to still be underway at the beginning of FY 96? What are the estimated costs for these operations and how do you plan on paying for them?

Admiral Boorda: The DoN cannot at this time anticipate what current contingency operations are expected to continue into FY 96. Therefore it is impossible to estimate the costs of these operations or to budget for them. In the event current contingency operations continue into FY 96, DoN will submit a request for supplemental funding in order to avoid the negative impact on readiness programs which would result from covering these emergent, unbudgeted, requirements out of budgeted resources.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE	LINE NO.		INSERT NO. HS-01-007	

## CONTINGENCY OPERATIONS

UNCLASSIFIED

Mr. Spence: What ongoing contingency operations are expected to still be underway at the beginning of FY96? What are the estimated costs for these operations and how do you plan on paying for them?

General Fogelman: It is difficult to predict with any certainty which current contingency operations will still be ongoing or in what force configuration in FY96. Based on the current prospects for a peaceful dispute resolution, I believe the Air Force may have forces engaged in Southwest Asia and Bosnia in FY96. Barring any significant change in the force structure deployed in support of these operations, the cost to the Air Force will be: Provide Comfort - \$114 million; Southern Watch - \$479 million; Bosnia - \$218 million.

The initial source of funding for any contingency operation is primarily the Service's Operation and Maintenance account. This will necessitate a supplemental budget request to obtain timely reimbursement of funds and hopefully avoid any near term degradation in force readiness levels. It is important to note that current Air Force funding requests will maintain present levels of readiness, but are contingent upon receipt of timely supplemental funding. Any delay in the receipt of supplemental funding will create significant near term readiness problems and produce funding bow waves in the ensuing budgets.

UNCLASSIFIED

## HOUSE NATIONAL SECURITY COMMITTEE

## HEARING ON: POSTURE STATEMENTS

22 FEBRUARY 1995

## QUESTION FOR THE RECORD

QUESTION NUMBER 7**Contingency Operations**

**Question:** What ongoing contingency operations are expected to still be underway at the beginning of FY 96? What are the estimated costs for these operations and how do you plan on paying for them?

**Answer:**

OPERATION SEA SIGNAL	Humanitarian assistance to Cuban/Haitian Migrants in US Navy Base Guantnamo Bay Cuba
OPERATION UPHOLD DEMOCRACY	Transition to UN peacekeeping operations in Haiti
OPERATION SOUTHERN WATCH	Enforcement of NFZ in Southern Iraq and enforcement of UNSC resolutions
OPERATION DESERT STORM	Maritime interdiction operations in support of UN sanctions against Iraq
OPERATION PROVIDE COMFORT	Enforcement of NFZ and humanitarian relief operations in Northern Iraq
OPERATION PROVIDE PROMISE	UNPROFOR peacekeeping and humanitarian relief operations in Former Republic of Yugoslavia
OPERATION SHARP GUARD	Maritime interdiction operations enforcing UN sanctions against Serbia and Montenegro
OPERATION DENY FLIGHT	Enforce NFZ over Bosnia-Herzegovina and provide air support for UNPROFOR
OPERATION ABLE SENTRY	Support for UN observer mission in Former Yugoslavian Republic of Macedonian
OPERATION FULL ACCOUNTING	Support of national efforts for the accounting of POWS/MIAs from the Vietnam War
OPERATION SAFE BORDERS	Military observers to Ecuador-Peru border

**Cost estimates for these operations are difficult because they depend on the duration and intensity of future operations which are unknown at this time.**

**Initial costs provided from operating budget of supporting unit**

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 10

Mr. Spence: What requirements are unfunded or underfunded in the FY96 budget, and what are the near-term and long term readiness impacts?

General Sullivan: The Army's FY96 budget reflects the best possible program for the resources provided. The most significant shortfalls are in modernization and infrastructure revitalization. Then most critical unfunded FY96 requirements listed below reflect a total of \$3,211 million.

**MODERNIZATION: (\$2,255M)**

Ammunition/Munitions - \$784M  
Mobility Improvements - \$668M  
Small Arms - \$45M  
C4I - \$138M  
Deep Strike Weapons/Sensors - \$54M  
Combat Support System - \$149M  
Simulators/Training Devices - \$16M  
Long Haul Communications/ADP - \$124M  
Accelerate Key Warfighting Systems - \$277M

**INFRASTRUCTURE REVITALIZATION: (\$683M)**

Barracks Revitalization - \$105M  
Family Housing Construction - \$180M  
Real Property Maintenance - \$398M

**OPERATIONS & MAINTENANCE: (\$273M)**

RC Readiness - \$75M  
Depot Maintenance - \$166M  
Strategic Mobility - \$11M  
Title XI - \$21M

The Army has fixed near term readiness to the extent possible, generally funding FY96 operation and maintenance (O&M) accounts at FY95 levels. Modernization shortfalls are of particular concern in this budget. We have attempted to ameliorate the impact of reduced funding by emphasizing product improvements of existing systems as a way to achieve the greatest payoff for scarce resources and to leverage technology to the degree we can - the basic thrust of our Force XXI work.

Though modernization was once again the principal "billpayer", we cannot continue this practice much longer without having a negative impact on battlefield capabilities of our future Army.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: What requirements are unfunded or underfunded in the FY 96 budget, and what are the near-term and long-term readiness impacts?

Admiral Boorda: The DoN FY 96/97 budget request reflects funding required to fully execute planned and approved programs. However, it does not include any funding for contingency operations in FY 96 since is impossible to estimate the costs of these operations and therefore to budget for them. In the event current contingency operations continue into FY 96, and no supplemental funding is provided, DoN will be required to cover the costs of these operations by reducing funding for readiness programs. For instance, in FY 94, the costs of contingency operations were partially covered by reductions or deferrals in ship maintenance and reductions in flying hour programs. The near term impacts will include significant reductions in ship, aircraft and equipment readiness ratings. In addition, there will be an increase in the costs of corrective maintenance programs. The long term impact of reductions in maintenance will include reductions in ship and equipment life as well as other reductions in readiness programs.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE		LINE NO.		INSERT NO. HS-01-008	

## CONTINGENCY OPERATIONS

UNCLASSIFIED

Mr. Spence: What requirements are unfunded or underfunded in the FY96 budget, and what are the near-term and long-term impacts?

General Fogelman: The FY96 budget request has been carefully balanced to maintain current readiness requirements and investments in future modernization. The Operation and Maintenance (O&M) resources requested are sufficient to support current force structure, field new or modernized systems on schedule, and sustain the infrastructure at minimum levels. Hours per crew per month are maintained at approximately 20 for fighters and bombers, 15 for tankers and 24 for airlift. We continue to train our forces the way they fight and have fully funded our combat training programs.

While OPTEMPO levels are sustained, the Air Force continues to challenge field commanders to achieve efficiencies in the logistics accounts. Although we've improved funding from FY95 levels due to the \$25 billion Presidential Initiative and internal sourcing, commanders are still challenged to achieve 5 percent efficiencies in their Depot Level Repairables programs, down from 10 percent last year. Depot Purchased Equipment Maintenance was also improved with funding now at 90 percent of requirements, up from 87 percent in FY95. This increase significantly reduces the backlog by 30 percent (\$67 million) to \$146 million. The corresponding backlog in aircraft airframes drops from 39 to 17 and aircraft engines from 110 to 46.

Overall, the FY96 budget has been carefully balanced at levels necessary to train and sustain our force. We have accepted a prudent level of risk and imposed efficiencies in our logistics and infrastructure accounts. While the level of risk is manageable, the balance is delicate and must be maintained to avoid degrading readiness, sustainability, and quality of life. There is little to no margin for further adjustment in the FY96 budget and any unplanned contingencies and will require timely supplemental funding.

UNCLASSIFIED

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 11

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APPROPRIATED FUNDING DIVERSIONS

Mr Spence: According to General Accounting Office (GAO), in FY 93 and FY 94, the Army diverted \$1.2 billion of \$3.6 billion appropriated in Operating Tempo (OPTEMPO) funds for U S Army Forces Command (FORSCOM) and U S Army Europe (USAREUR) for other purposes such as Base Operations (BASOPS) and contingency operations. What has been the extent of such diversions in FY 95 and for what purposes?

General Sullivan. The FY 95 Appropriation and FY 96 Budget Request provide sufficient OPTEMPO funding to support both the National Military Strategy and readiness goals. Funding for BASOPS and other programs also appear sufficient to prevent diversion of OPTEMPO funding. However, as in FY 93 and FY 94, the Appropriation and Budget Requests do not provide funding for any unforeseen missions, such as contingency operations to Somalia and Haiti. Failure to receive timely Supplemental Funding for ongoing contingencies in FY 95 will likely cause diversion of OPTEMPO resources as in FY 93 and FY 94. The Army will face a similar dilemma in FY 96 or any future year if the current fiscal environment and process for receiving contingency funding remains unchanged.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: For Navy, Marine Corps, Air Force witnesses: To what extent, and for what purposes (e.g. BASOPS), has there been a diversion of training dollars in FY 95? What was the FY 94 experience?

Admiral Boorda: For Navy and Marine Corps, no funding was diverted from training programs in FYs 94 and 95. The Navy and Marine Corps training funds support all centrally managed or directed individual training required to meet established Navy training standards. We are continually assessing Navy shore-based training programs with the long-term objective of keeping them balanced and satisfying fleet requirements. Shore based training readiness is one of the highest priorities and every effort is being made to balance greater training efficiencies to meet long-term force readiness.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE	LINE NO.		INSERT NO. HS-01-009	

## TRAINING DOLLARS

UNCLASSIFIED

Mr. Spence: To what extent, and for what purpose (e.g., BASOPS), has there been a diversion of training dollars in FY95?

General Fogelman: To date no FY95 training dollars have been diverted to other programs.

UNCLASSIFIED

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON: DOD POSTURE

22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION NUMBER 9

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TRAINING

Question: To what extent, and for what purposes (e.g., BASEOPS), has there been a diversion of training dollars in FY 95? What was the FY 94 experience?

Answer: We have not diverted any training dollars, either in FY 94 or FY 95, to other purposes. The Congressional increase for Specialized Skills Training in FY 95 still left us short in this critical readiness area. We have fully funded formal schools and unit training in the FY 1996 budget.

INSERT FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEB 95

QUESTIONS #13 a, b, c

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DEPLOYMENTS

Mr. Spence: What is your service's standard for length of deployments?

General Sullivan: The standard for the length of deployments for soldiers in the United States Army is based on a maximum number of consecutive days units/individuals deploy from homestation at any one time -- 179 days.

Mr. Spence: Has the standard changed in the last few years?

General Sullivan: No sir. The standard has not changed in the last few years.

Mr. Spence: Please provide a list of all types of units which were deployed in FY 94 in excess of that standard and what percent of the active force these units represent.

General Sullivan: There were no units that were deployed in excess of the 179 consecutive day standard. In FY 94 the Army deployed an average of 16-24,000 soldiers to over 70 countries on any given day. In the last year, American soldiers have upheld democracy in Haiti, provided pure water and relief supplies to Rwandan refugees in Zaire, conducted peacekeeping training exercises in Russia, kept the peace in the Sinai, supported refugees in the Caribbean, shielded the Kurds in Iraq, faced down renewed Iraqi aggression in Kuwait, protected United Nations operations in Somalia, treated the wounded in Croatia, demonstrated resolve in Macedonia, deterred aggression in Korea, fought fires in the west and provided domestic flood relief in the Southeast United States. These operations, Operations Other Than War, OOTW, constitute a major percentage of Army deployments.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-95 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: What are your Service's standards for length of deployments? Have these standards changed in the last few years? Please provide a list of all types of units which were deployed in FY94 in excess of that standard and what percent of the active force these units represent.

Admiral Boorda: Navy standards for deploying units were institutionalized in 1985 and are delineated in OPNAVINST 3000.13A, Personnel Tempo of Operations (PERSTEMPO). The Program consists of three guidelines:

- \* a maximum deployment of 180 days (portal to portal)
- \* a minimum Turn Around Ratio (TAR) of 2.0:1 between deployments (the time between deployments is at least twice the length of time of the previous deployment)
- \* a minimum of 50% time a unit spends in homeport over a five-year period (three past/two projected)

PERSTEMPO exceptions are submitted for deployers which will exceed either of the first two guidelines above ("deployment" is defined as any unit away from homeport for more than eight weeks (56 days)). I personally approve PERSTEMPO exception requests, which are submitted only after fleet CINCs have first exhausted all available options.

The third guideline is used by fleet schedulers to ensure national objectives are met under reasonable operating conditions for our naval personnel and their families. Every day out of homeport (steaming, maintenance, etc.) results in a "negative day" in determining that unit's PERSTEMPO statistic.

Quarterly PERSTEMPO reports submitted by CINCLANTFLT and CINCPACFLT identify which units are "in the red" (negative PERSTEMPO days), and provide projected recovery quarter for each unit. The Navy's PERSTEMPO program is consistently monitored and corrective measures initiated in order to remain within established parameters.

Addressing FY94 deployment length exceptions, Navy had only five units (all surface ships) which exceeded the 180 days portal to portal deployment length. Specifically,

- USS HOIST (FEB 94). While returning from a Mediterranean deployment (10SEP93-10MAR94), HOIST was delayed by five days owing to an Atlantic storm.

-USS NEW ORLEANS, USS COMSTOCK, USS CAYUGA and USS DENVER (MAR 94). SECDEF directed continuous, two-ARG presence in the US CENTRAL COMMAND operating area during the withdrawal of UNOSOM II personnel from Somalia. Return to homeport was delayed 16 days.

These five ships represent less than 1.5% of the present U.S. Navy ship inventory. Worth noting is that virtually all Navy surface ships, aircraft squadrons, submarines, and deployable staffs are subject to Navy PERSTEMPO guidelines.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE		LINE NO.	INSERT NO. HS-01-011	OTHER

## DEPLOYMENT LENGTH

UNCLASSIFIED

Mr. Spence: What are your Service's standards for length of deployments? Have these standards changed in the last few years? Please provide a list of all types of units which were deployed in FY94 in excess of that standard and what percent of the active force these units represent.

General Fogelman: The Air Force has established 120 days per year as our desired maximum level of time deployed away from home station. This maximum may be reached on a single deployment or through a series of shorter duration deployments during the one year period. This level had been an informal "rule of thumb" for several years but, the proliferation in contingency and peacekeeping operations since the end of the Gulf War has necessitated increased emphasis on this issue.

In FY94, 13 of our 21 active duty flying weapon systems (61.9 percent) exceeded this standard. These systems include: HC-130; EF-111; A-10 (USAFE only); RC-135; E-3; U-2; AC-130; C-130; MH-60; EC-130; F-15C/D (USAFE only); MH-53; F-16 (USAFE only)

UNCLASSIFIED

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 14 a, b

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REAL PROPERTY MAINTENANCE

Mr. Spence: In the FY96 budget, is there any mission critical real property maintenance that is unfunded? If so, what is the value of this unfunded requirement and what are the readiness impacts of not affecting repairs?

General Sullivan: The FY96 annual requirement for Real Property Maintenance (RPM) accounts are under funded by \$523 million. Of that \$523 million, \$298 million is for mission critical RPM. The following are examples of readiness impact of not making these mission critical repairs. The quality-of-life of the soldier is affected by the deteriorated condition of barracks, deteriorating central and individual building heating plants, deteriorating water and sewage systems and plants, and deteriorating electrical systems. The living conditions of the soldier have a direct impact on the morale and retention of soldiers which affect productivity and mission accomplishment. Inadequately maintained and deteriorating maintenance facilities reduce the forces' capability to properly maintain and repair fighting units equipment. Major repair of central heating plants, sewage and water systems precludes the interruption of industrial operations in support of forces readiness. Although these critical mission RPM requirements are currently unfunded, it may be necessary during the year of execution to realign resources to accomplish this critical RPM repair funding.

**HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION NUMBER 14**

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**REAL PROPERTY MAINTENANCE**

**Chairman Spence:** In the FY-96 budget, is there any mission critical real property maintenance that is unfunded? If so, what is the value of the unfunded requirement and what are the readiness impacts of not affecting the repairs?

**Admiral Boorda:** Our FY-96 budget request includes a 10% increase from FY-95 for real property maintenance. This increase represents a conscious decision to bring under control the growth of our critical backlog of facilities maintenance and repairs at those installations which will remain after BRAC and overseas closures. The request also sustains the increased funding for bachelor quarters initiated in FY-94 to fully fund recurring maintenance and begin to fix our barracks backlog.

Our critical backlog of maintenance and repairs as of the end of FY-94 is \$1.85 billion, with 40% of that backlog being in facilities in direct support of operations (e.g., airfield and waterfront operations), training, maintenance, and in utility systems. This backlog, which has accumulated over time, cannot be eliminated in any one year. The FY-96 and FY-97 funding levels, however, will provide our commanders with the ability to meet their most urgent requirements which pose the greatest risk of adversely impacting installation mission and readiness.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE		LINE NO.		INSERT NO. HS-01-012	

## UNFUNDED REQUIREMENTS

UNCLASSIFIED

Mr. Spence: In the FY96 budget, is there any mission critical real property maintenance that is unfunded? If so, what is the value of this unfunded requirement and what are the readiness impacts of not affecting the repairs?

General Fogelman: The Air Force does have \$400 million of mission critical facility needs unfunded in the FY96 program. As part of the National Performance Review, the Air Force initiated a program to link facility maintenance requirements to mission readiness. The mechanism linking facility deficiencies to readiness is the Commander's Facility Assessment program. Field commanders rated eight percent of their facilities as having direct mission impact and engineers determined the repair costs at \$800 million. These unsatisfactory facilities cause frequent mission interruptions, accelerate facility deterioration, curtail or eliminate some operations and lower the livability and workplace standards. Half of the \$800 million requirement is contained in the FY96 budget. The other \$400 million is deferred until FY97.

UNCLASSIFIED

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 15

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FISCAL YEAR 1996 UNFUNDED BASE OPERATIONS VALUE (BASOPS)

Mr. Spence: What is the value of FY 96 unfunded BASOPS requirements?

General Sullivan: For BASOPS, minus Real Property Maintenance, including family programs it is \$263 million. Requirements and funding are \$3,893 million and \$3,630 million (includes funding for Defense Finance Accounting Service) respectively.

**HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD**

Chairman Spence: What is the value of FY 96 unfunded BASOPS requirements?

Admiral Boorda: Base Operations are fully funded for FY 96.

## INSERT FOR THE RECORD

HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE		LINE NO.		INSERT NO. HS-01-013	

## UNFUNDED REQUIREMENTS

UNCLASSIFIED

Mr. Spence: What is the value of FY96 unfunded BASOPS requirements?

General Fogelman: We have imposed constraints and efficiencies to our base operating support accounts. They are currently funded at approximately 80 percent of requirements. This level of funding is consistent with levels of funding in previous years and reflects necessary trade offs in the current fiscal environment. The unfunded requirement is approximately \$266 million.

UNCLASSIFIED

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
SUBJECT OF HEARING: FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 16

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DEPOT MAINTENANCE BACKLOG

Mr. Spence: What is the value of the unfunded executable, mission critical depot maintenance backlog?

General Sullivan: The FY 1996 unfunded, mission critical depot maintenance backlog is 212.7 million dollars (20 percent of total mission critical depot maintenance requirements). However, the current Workforce Restructuring Act of 1994 placed limits on Full Time Equivalents (FTE) for all executive branches including the Department of Defense (DOD) which restricts the number of workyears available to perform depot maintenance even though the capacity exists.

In addition, the performance of depot maintenance workload is further restricted by Title 10, Section 2466 which requires that no more than 40 percent of the funds made available in a fiscal year can be utilized to perform depot maintenance by non-government employees. Consequently, additional contract depot maintenance workload cannot be performed without an offsetting organic workload or without a specific readiness waiver to Title 10, Section 2466.

Given these competing restrictions, it is unlikely that the Army could execute a significantly increased level of depot maintenance requirements above the 80 percent funded level in FY96.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD

Chairman Spence: For each witness: What is the value of the unfunded executable, mission critical depot maintenance backlog.

Admiral Boorda: Unfunded, executable backlog is provided below. The Navy depot maintenance program represents a balance between operational and maintenance requirements to maximize readiness. The program is funded to ensure that equipment is maintained at an adequate level so that mission requirements are not degraded.

	FY 1996 (\$ 000)
Aircraft (Navy)	0
Combat Vehicle (USMC)	13.0
Ship Maintenance	0
Missiles	51.4
Ordnance	93.1
Other End Items	293.1
Depot Level Repairables	28.9
Other	<u>113.9</u>
 Total	 593.4

\* Note: The Navy historically maintains an aircraft management backlog of 100 airframes and 250 engines. This table does not include the cost of this management backlog part of the financial backlog. The management backlog is a valid requirement and represents those assets that have been identified for depot maintenance but have not yet been inducted into the depot. Navy policy permits, in most cases, a 90 day window between the time an asset has been identified for depot work and the time it enters the depot. Because the management backlog is a factor of this timing flexibility rather than a direct result of funding constraints, the cost of management backlog is not included as part of the financial backlog. The value of this management backlog is \$140.3 million in FY 1996.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. SPENCE	LINE NO.		INSERT NO. HS-01-014	

## UNFUNDED REQUIREMENTS

UNCLASSIFIED

Mr. Spence: What is the value of the unfunded executable, mission critical depot maintenance backlog?

General Fogelman: The value of the FY96 unfunded executable, mission critical depot maintenance backlog is \$145.6 million.

UNCLASSIFIED

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 17

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FORCE READINESS

Mr. Spence: Does the Fiscal Year 1996 and outyear budgets provide for the necessary maintenance, upgrades and replacement of equipment and systems that are needed to maintain readiness of our forces?

General Sullivan: The Army budget reflects the best possible program given the scarce resources provided. We fixed near term readiness to the extent possible, generally funding operation and maintenance (O&M) accounts at FY 95 levels. This fix left some holes and the most significant appear in modernization and infrastructure revitalization. It must be emphasized that any further decrement to O&M will surely have an impact upon Army readiness, especially, as we continue to respond to likely contingencies in an uncertain world.

Modernization shortfalls are of particular concern in this budget. We have attempted to ameliorate the impact of reduced funding by emphasizing product improvements of existing systems as a way to achieve the greatest payoff for scarce resources and to leverage technology to the degree we can in the budget request. It is clearly recognized by the Army leadership that we cannot continue to underfund modernization without having a negative impact on the battlefield capabilities of our future Army.

**HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD**

Chairman Spence: For each witness: Does the FY 96 and outyear budget provide for the necessary maintenance, upgrades and replacements of equipment and systems that are needed to maintain readiness of our forces?

Admiral Boorda: Yes. The submission funds maintenance, upgrades and replacements to support Navy OPTEMPO goals.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 96	TRANSCRIPT PAGE NO. SPENCE	LINE NO.		INSERT NO. HS-01-015	

## UNFUNDED REQUIREMENTS

UNCLASSIFIED

Mr. Spence: Does the FY96 and out year budgets provide for the necessary maintenance, upgrades and replacement of equipment and systems that are needed to maintain readiness of our forces?

General Fogelman: Readiness is a complex equation that requires continued balancing of several components--appropriate force structure levels, providing for today's force preparedness and making the requisite commitment to modernization to guarantee future relevancy. We preserved the Bottom-Up Review force structure and core warfighting capabilities but will be strained to sustain all force structure early in the next decade. With respect to today's readiness--Operations and Maintenance--we have minimized risk but are on the margin. For example, we funded Depot Level Reparables, Depot Maintenance, Base Operating Support and Real Property Maintenance at levels less than 100 percent. To minimize the impact on today's readiness, we reduced the size and scope of our acquisition programs--restructuring several major programs and terminating some lower priority programs.

Meeting our fiscal guidance levels required us to assume a certain amount of risk in each of the readiness components and continues an increasing trend begun in the FY94 budget. We have accepted a prudent level of risk; however there is little to no margin for further adjustment. Quite candidly, in all our readiness components, I believe we have reached the point that any further reductions will clearly have an adverse impact on our ability to provide a ready force. Right now we are watching mission capable rates, cannibalization rates, Readiness Spares Package fill rates, and backlogs very closely. Obviously, we want to catch any potential problems early and make the program adjustments or seek additional funding in time to maintain the readiness we enjoy today.

We are sustaining Air Force investment accounts at a historically low level of Total Obligation Authority and are at the crossroads where we can not reduce modernization further if we are to sustain our capability through the first 10-15 years of the next century. If we buy no fighters in the FYDP, we will be hard pressed to maintain our combat fighter force. We are committed to modernization of our lift capability and look forward to a November 1995 decision on the airlift aircraft mix. We painstakingly sequenced our modernization plan to fit reasonably into the top line we expect, while at the same time avoiding an outyear bow wave. We are ready today, and we want an investment strategy that insures our Nation's forces are relevant tomorrow. But I must say, in all candor, that we are maintaining today's readiness by significantly increasing risk in modernization--tomorrow's readiness.

UNCLASSIFIED

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 8a / 8b

PERSONNEL TEMPO

Mr. Hunter: Secretary Perry and General Shalikashvili have suggested that personnel tempo is only a problem in select units, such as the 10th Mountain Division, which has been tasked heavily over the past two years and is just now coming home from Haiti. How does the Army measure personnel tempo to know when there is a problem?

General Sullivan: The Army has only recently begun measuring Personnel Tempo and is still refining its reporting system. We have begun looking at unit deployment rates, or DEPTEMPO, and we are measuring the deployment rates for each of the various skills, or SKILLTEMPO. DEPTEMPO is determined by looking at the types and numbers of units deployed and deriving a deployed percentage for each category, such as infantry or air defense. Where a high percentage is noted, we can look to see what units are being deployed and with what frequency. SKILLTEMPO captures rates for the various specialties since soldiers possessing certain needed skills may be attached to units or deployed in smaller groups. We are confident that once these systems are fully implemented, we will be able to identify problem areas and adjust accordingly.

Mr. Hunter: What is being done to spread the pain of deployment to other units, if the personnel tempo problem is a concern for select units only?

General Sullivan: Where possible, we are rotating units into Haiti that have not been previously deployed. As an example, we have already replaced the 10th Mountain Division with the 25th Infantry Division from Hawaii, a unit which had not been previously tasked. We are using volunteer reservists to lift deployment burdens from the active component, such as the volunteers from the Army National Guard's 29th Infantry Division currently deployed to the Sinai as part of the Multinational Force and Observers (MFO) task force. We are also using civilian contracting to back-fill military personnel requirements such as those that assumed the humanitarian mission in Rwanda, and the contract civilians replacing low density support personnel such as logistics specialists and linguists currently needed in Haiti. We are also replacing heavily deployed Military Policemen with combat arms soldiers for Migrant Security operations. We will continue to take all feasible actions to spread deployment requirements across the Army but with the recognition that some units and soldier specialties, by virtue of their mission and skills, will be required to deploy more frequently than others.

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## PERSONNEL TEMPO

UNCLASSIFIED

Mr. Hunter: Select units and missions within the Air Force have been experiencing high personnel tempo rates. AWACS, airlift, and fighter units in Europe have experienced deployment rates and operations tempo more akin to a wartime footing. Of the 21 Air Force aircraft, 13 are exceeding the Service's deployment goals. The toll on people is high. Anecdotal evidence suggests that morale is suffering. Last fall Secretary Perry was briefed by field commanders in Europe that alcohol abuse, spouse abuse, and divorce were reaching crisis levels. General Fogelman has announced that one of his top priorities is to fix the problem and bring stability to Air Force personnel. How severe is the problem and what's your proposed solution?

General Fogelman: My long term focus for the Air Force will continue to emphasize force stability while maintaining the capability to respond to any worldwide tasking. This requires the commitment of highly talented and dedicated young men and women--a commitment which the Air Force is exceptionally fortunate to enjoy today. Therefore, reports from field commanders such as the one you've mentioned are cause for immediate concern from both a quality of life and a readiness perspective. The Air Staff conducted a study of quality of life indicator statistics throughout the Air Force with special emphasis on the high PERSTEMPO bases in both Europe and the United States. This effort looked at statistics for courts-martial, article 15s, divorces, child abuse, and spouse abuse incidents between 1990 and 1994. Overall, there does not appear to be a relationship between OPTEMPO and the occurrence of these incidents. In several of the statistical categories, the 1994 numbers for the European bases decreased from those reported in 1993. In general, the data tended to fluctuate from year to year with no clear connection to OPTEMPO or location.

While this particular field commander's report did not support an overall Air Force readiness problem, it was one more indication that PERSTEMPO in our high demand units was too high. Therefore, the Air Force fielded several initiatives to mitigate the impact of high OPTEMPO/PERSTEMPO:

- Additional Air National Guard and Air Force Reserve augmentation
- Worldwide Combat Air Force support of contingency operations
- Selective relief from heavy taskings
- Cross utilization of support personnel through PALACE TENURE
- The Air Force believes these measures will soften the impact of high OPTEMPO while maintaining our ability to provide the stable force structure to respond to all National Military Strategy taskings.

UNCLASSIFIED

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-95 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTIONS FOR THE RECORD

Chairman Spence: For Admiral Boorda: You recently announced major deployment and training policy changes to reduce personnel tempo in the Navy and improve sailor quality of life. They appear to be responsive to problems with morale that anecdotal evidence suggests was suffering.

\* How severe is the personnel tempo problem?

Admiral Boorda: The short answer on Navy personnel tempo (PERSTEMPO) is that we're in pretty good shape, but we are on a very tight margin. Perstempos measures and goals, at the unit level, are the way we ensure we are not over-committing our people. First, we want a minimum Turn-Around-Ratio of 2 to 1 between deployments. That is, after a six month deployment, the unit should have 12 months prior to the next deployment. Second, maximum deployment length should be no longer than six months. Finally, a unit should spend at least 50% of its time at its homeport (over a five year cycle - three back and two forward). These goals are set to optimize utilization of our forces without creating unnecessary hardship for our people. There has only been one exception to our PERSTEMPO policy granted in 1995 (through February), compared to a total of 17 in 1994, 5 in 1993, and 46 in 1992. The high number in 1992 reflects Desert Storm and the rise in 1994 was primarily due to unplanned contingency operations, bad weather that extended transit times for returning ships, and need for continuous destroyer squadron support in Central Command (CENTCOM - Arabian Gulf).

Although PERSTEMPO indicators for the aggregate force are positive, we are constantly looking for ways to improve our scheduling and, ultimately, the quality of life for our people. For example, we have stationed a floating drydock in Mayport to enhance local maintenance capabilities and alleviate time out of port for units homeported in Mayport. Another important decision was creation of a new destroyer squadron staff, Commander, Destroyer Squadron Fifty (DESRON 50), stationed in Bahrain, to decrease the short turn-around required to support operations in CENTCOM.

Again, Navy PERSTEMPO is currently in control. That is, we are not currently over-committing our people. However, there is no margin for taking care of additional contingencies. For this reason, I am reviewing proposals both to retain some ships we were planning to decommission, as well as to reduce some of the days we spend away from homeports between major deployments.

\* Will the new training guidelines reduce readiness?

Admiral Boorda: Implementation of the new training guidelines will not reduce readiness; in fact, I have every expectation for increased readiness with diminished PERSTEMPO burden.

The impetus for the new training guidelines are the changing nature of current and anticipated operations coupled with a smaller force. Both place increasing demands on our people. The former has generated greater emphasis on contingency operations, the latter subjected each unit and individual to a greater part of tasked requirements. Tailoring training to a narrower range of probable missions allows fuller preparation for those possibilities. We are reviewing our underway training and looking for efficiencies so that we have more margin to take care of contingencies within PERSTEMPO. Our new training strategy will fully prepare our ships for new missions.

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION NUMBER 1

PERSONNEL

Chairman Spence: You recently announced major deployment and training policy changes to reduce personnel tempo in the Navy and improve sailor quality of life. They appear to be responsive to problems with morale that anecdotal evidence suggests was suffering.

\* Will these initiatives impact readiness by requiring training to be done in port or not at all?

Admiral Boorda: Last fall the Navy reviewed its training doctrine, the Tactical Training Strategy (TTS), which had been in effect for fourteen months. This is a process of the Total Quality Leadership (TQL) program to improve continually the way we conduct our business. As a result of this review, a number of more efficient and effective methods of conducting training were implemented. These initiatives to improve the training process refined notional training schedules which combined or took advantage of improved simulator and on board trainer technology. The supporting goal has always been high quality training and to accomplish it in the best location whether at sea, in port or in the classroom.

The goal of the Navy's training plan has not changed. The Tactical Training Strategy (TTS) is designed around a building block approach that takes a ship through basic individual unit capabilities, to integrated multi-ship, battle group and staff operations, and finally to integrated Joint operations.

Certification is accomplished at the end of the Basic Phase to continue into Intermediate and Advance Phases where final certification is met for deployment. Significant quantity of this training is conducted at sea with a balance of in port training.

HOUSE NATIONAL SECURITY COMMITTEE  
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QUESTION NUMBER 1 (cont.)

An example of more efficient use of time was consolidating evolutions with the CV and CVW (Airwing) by combining Basic Phase Total Ship Training Assessment (TSTA) I and II, which were two separate underway ten day periods. The first four days of each period were used to requalify the airwing for training, resulting in a total of twelve days for training for the two periods. Now there is one longer underway period with four days of qualifying and sixteen days of training. The result is more training, reduced number of airwing move aboards, better utilization of flight hours, and longer periods in homeport between underway evolutions. The combining of evolutions has been applied across the spectrum from CV's to PC's. This is an example of a better way to do business that improves training opportunities, saves funds, and improves quality of life.

Another example of efficiency is combining requirements where different organizations need to observe and evaluate the same evolution but are looking at it for different reasons. In the past, the same drill may be run four or five times to cover each reviewing group. Now a single drill is run for evaluation with all the different evaluators viewing it at the same time. This frees up considerable time for the unit being evaluated.

These examples were some of the initiatives that improved training but also improved quality of life and perstempo at the same time, without reducing readiness. The Navy will continue to review our training policies as the Tactical Training Strategy matures to best utilize and balance training at sea and inport, to produce the highest quality units that support their assigned missions throughout the world.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEB 95

QUESTION NUMBER 12a

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PRECISION GUIDED MUNITIONS

Mr. Hunter: A just-completed GAO study has concluded that the Department is procuring or has in development 34 different precision guided munitions (PGMs) that, in total, will cost \$68 billion if developed and produced according to plans. Most of these weapons are still in development. What is the Department doing to eliminate duplication and redundancy in PGM weapon development?

General Sullivan: The Army is developing five of the PGMs mentioned in the GAO study. They are the Army Tactical Missile System (ATACMS) Block IA with Anti-Personnel Anti-Materiel (APAM) payload, the ATACMS Block II with BAT brilliant anti-armor submunition payload, the ATACMS Block IIA with BAT Pre-Planned Product Improvement (P3I) payload, the Sense and Destroy Armor (SADARM) submunition, and the Enhanced Fiber Optic Guided Missile (EFOG-M). Each of these PGMs has its own set of unique operational criteria (i.e., mission, range, target set, etc.) and together provide a synergistic capability to the Land Component Commander to ensure rapid, decisive victory.

The Army cannot afford duplication or redundancy in PGM weapon development. For example, this drove the Army's downselect decision of a smart submunition for indirect fire support roles in 1991. The Army had the Multiple Launch Rocket System (MLRS) Terminal Guidance Warhead (TGW), ATACMS Infrared Terminally Guided Submunition (IRTGSM), and the BAT programs all under development concurrently. For affordability reasons, as well as congressional direction, the Army downselected from these three submunitions in February 1991. The Army selected the BAT for continued development and terminated development of the other two submunition programs. The Army closely scrutinizes its programs in building the Army Research, Development and Acquisition Plan and formulating the Army Modernization Plan that charts our course for modernization. Ultimately, the Office of the Secretary of Defense (OSD) has the authority to review and approve entry into and continued development of any Major Defense Acquisition Program. Thus, the oversight by OSD also provides the means to preclude duplication and redundancy in PGM programs among the services.

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PGMS

UNCLASSIFIED

Mr. Hunter: A just completed GAO study has concluded that the Department is procuring, or have in development 34 different precision guided munitions (PGM) that, in total, will cost \$68 billion if developed and produced according to plans. Most of these weapons are still in development. What is the Department doing to eliminate duplication and redundancy in PGM weapon development?

General Fogleman: The Air Force and DOD have not received the formal draft of the GAO report. Our knowledge of the report comes from an informal draft provided by the GAO in February. However, based on that informal draft, the Air Force believes that the GAO analysis and conclusions are fundamentally flawed in several areas.

First, the report ignores the element of time. Some of the weapons cited in the report, e.g., laser guided bombs (LGB), began development over 25 years ago during the Vietnam War. The implication of current, rampant proliferation of PGM types is incorrect and misleading. Second, the report's characterization of 34 "different" PGMs (implying 34 unique development programs) ignores families of weapons that evolve over time. For example, the report lists the GBU-10 2000-lb LGB; the GBU-12 500-lb LGB; the GBU-24 (an upgraded GBU-10); the GBU-27 (a GBU-24 modified for the F-117); and the GBU-28 5000-lb "bunker buster" LGB as five unique developments. Instead, these weapons represent evolutionary developments leveraging on previous investments to bring improved technology and increased capability to the warfighter. When grouped into families of weapons, the numbers of different PGM programs drops to 18 unique families developed over the previous 25 years. Throughout this time, the Air Force has evolved the capabilities of many of these existing families of weapons through the insertion of new technologies. This, in and of itself, demonstrates sound management of resources by restraining the potential proliferation of redundant development programs.

Last, the report's methodology of comparing numbers of weapons development programs versus numbers of targets is overly simplistic in that it does not consider essential operational factors such as employment doctrine and threat assessment in servicing a given target set. For example, both the Joint Direct Attack Munition (JDAM) and the Joint Standoff Air-to-Surface Missile (JSASM) will be capable against hard fixed targets. JDAM is an inventory-fill direct attack weapon to be used after roll back of enemy air defenses. It has a low unit cost requirement to permit it to be procured in the large quantities required to service large numbers of targets. The JSASM, on the other hand, will be developed to destroy highly defended, high value targets. It will require standoff and survivability to complete its mission, and consequently, will be higher cost and procured in lesser numbers.

UNCLASSIFIED

HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION # 11

A just-completed GAO study has concluded that the Department is procuring or has in development 34 different precision guided munitions (PGMs) that, in total, will cost \$68 billion if developed and produced according to plans. Most of these weapons are still in development.

**Question:** What is the Department doing to eliminate duplication /and redundancy in PGM weapon development?

**General Mundy:** PGM's are expensive propositions due to inherent high risk technology and limited procurement quantities. Service specific PGM's further exacerbate what are already high cost programs. Eliminating duplication and redundancy in PGM weapon development is a priority and Department wide interoperable munitions is viewed as a solution to the problem. The Joint Requirements Oversight Council (JROC) has taken the position that future aviation munitions should be interoperable. Those future weapons not able to meet interoperability requirements will be required to undergo a waiver process at the JROC level. Those munitions currently in development that do not meet interoperability requirements are being evaluated for interoperability and any associated potential cost savings. There will, by necessity, continue to be differences in individual service requirements, such as the Navy/Marine Corps need to field insensitive munitions to increase shipboard safety of operations while the Army and the Air Force, who do not routinely fight from the sea based platforms, do not want to pay for these kinds of enhancements.

The Marine Corps endorses munitions interoperability requirements. Aside from developmental cost savings, they provide for potentially significant savings in the areas of procurement, maintainability, supportability, and logistics.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 12b

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TRI-SERVICE STANDOFF ATTACK MISSILE (TSSAM) REPLACEMENT

Mr. Hunter: In view of the role of force enhancements to the Bottom Up Review force and in light of the cancellation of the Tri-Service Standoff Attack Missile (TSSAM), what changes have been made in the Precision Guided Munitions (PGM) modernization program to fill the gap created by the TSSAM cancellation?

General Sullivan: When the Army withdrew from the TSSAM program, the Army Tactical Missile System (ATACMS) was selected as the carrier for the Army's PGM, the Brilliant Anti-Armor submunition (BAT).

The BAT's 54-month Engineering and Manufacturing Development (EMD) phase was extended to 79 months to align the BAT with the ATACMS Block II carrier program. The ATACMS Block II is a variant of the ATACMS Block I. The ATACMS Block I, carrying 950 Anti-Personnel Anti-Materiel (APAM) submunitions, was fielded in 1990 and was successfully employed during Operation Desert Storm. The ATACMS Block II will have the same range as the ATACMS Block I. The primary differences between the two variants are the different payloads and ATACMS Block II will have Global Positioning System (GPS) augmentation to its autonomous inertial guidance system. First Unit Equipped for the ATACMS Block II will be Fiscal Year 2001.

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## PGMS

Mr. Hunter: In view of the role of force enhancements to the Bottom-Up Review force and in light of the cancellation of TSSAM, what changes have been made in the PGM modernization program to fill the gap created by the TSSAM cancellation?

Gen Fogelman: Although the Tri-Service Standoff Attack Missile (TSSAM) has been canceled, the Air Force still needs a precision standoff weapon to hold heavily defended, high value targets at risk. We are working the acquisition details and operational requirements for a follow-on program, tentatively called the Joint Standoff Air-to-Surface Missile (JSASM). This program could involve modification of an existing missile, or be a new development. However, the schedule dictates minimal development since a fielded capability is desired by 2001.

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HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION # 12

A just-completed GAO study has concluded that the Department is procuring or has in development 34 different precision guided munitions (PGMs) that, in total, will cost \$68 billion if developed and produced according to plans. Most of these weapons are still in development.

**Question:** In view of the role of force enhancements to the Bottom Up Review force and in light of the cancellation of TSSAM, what changes have been made in the PGM modernization program to fill the gap created by the TSSAM cancellation?

**General Mundy:** Within the DoN, the strategy with the Standoff Land Attack Missile (SLAM) was to provide the fleet with an interim standoff weapon capability pending the successful completion of the TSSAM program. The cancellation of TSSAM has caused the DoN to pursue the SLAM-ER (Expanded Response) program which is intended to build on the previous SLAM strategy with an improved capability, further reducing the urgency for a new start program. Studies have shown that SLAM-ER can fulfill the DoN Standoff Outside Area Defense (SOAD) requirement through 2005 and beyond.

HOUSE NATIONAL SECURITY COMMITTEE  
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22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION # 54

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY96 ARMY BUDGET/POSTURE  
22 FEBRUARY 95

QUESTION NUMBER 1

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MODERNIZATION

Mr. Hunter: With very few exceptions, equipment modernization across each of the services has come to a virtual standstill. The Department continues to rob the investment accounts in order to cover shortages in the personnel and O&M accounts. The requested FY 96 weapons procurement budget represents--in inflation-adjusted terms--the lowest of any Administration since 1950. As a result, the equipment of the services is aging rapidly--adding to the maintenance burden--the industrial base is eroding, and wholesale deferment of modernization creates a "bow wave" of future procurement requirements.

As was the case in Desert Storm, Army and Marine Corps ground forces continue to be the service components most directly facing imminent danger in continued contingency and peacekeeping operations. Yet the Research, Development, Test and Evaluation (RDT&E), request for land forces' modernization is only 15 percent of the total RDT&E request for the Department.

How do you explain this apparent imbalance in the RDT&E funding request for the ground component forces?

General Sullivan: The Army has developed the best possible program given current resource levels. The Army has made a conscious decision in this environment of scarce resources to fix near term readiness to the extent possible, generally funding FY96 operation and maintenance (O&M) accounts at FY95 levels. However, any decrement to these accounts will surely have an immediate impact upon Army readiness especially as we continue to respond to likely contingencies in an uncertain world. This strategy left some holes in modernization, both RDT&E and procurement appropriations. Modernization cannot continue to be a billpayer. We must begin investing in "seed corn" now for the knowledge-based Army of the 21st century.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER 2

MODERNIZATION

Mr. Hunter: The Army has significantly increased its budget for "digitization of the battlefield", technology which will link the combined arms team with situational awareness information transmitted digitally. This is not an insignificant program, with funding involving hundreds of millions of dollars. It will influence the command and control architecture, as well as major weapons such as the Apache, the Abrams tank and the Bradley fighting vehicle. Undersecretary of Defense Kaminski has criticized the program for lack of sufficient field testing to determine configuration and priority of information processing. He fears there will be "information overload" and resultant uselessness of the data being provided.

What is the Department doing to assure both the integration of other services' command, control, and intelligence activities and to test these concepts before making big investment decisions in the digital battlefield?

General Sullivan: Your question addresses two very important components of the Army Digitization effort: joint interoperability and the experimental process. I will answer your question on jointness first.

The Army established the Army Digitization Office to manage and coordinate all Army digitization efforts to include integration with the other Services.

The Army, like the other Services, is upgrading its existing C4I systems and designing its new information systems for compatibility with the joint "C4I for the Warrior" concept. The result is called the Global Command and Control System Common Operating Environment. The Common Operating Environment provides the protocols and standards necessary to ensure seamless connectivity and interoperability among all the C4I systems of the Services. This evolution to Global Command and Control System is supported by the Army Acquisition Executive, the Army's Technical Architect, who has mandated the development of the Army's technical architecture in compliance with DoD standards and protocols.

The ADO closely coordinates digitization efforts with the other services, Joint Staff, and OSD through memorandums of agreement and proactive participation in Joint working groups, and those pertinent panels which develop joint standards. The Army and Navy signed a memorandum of agreement on 21 February 1995 to coordinate and manage US Army, US Navy and US Marine Corps Battlefield/Battlespace digitization. A memorandum of agreement on the same subject is currently being developed and coordinated with the Air Force.

Finally, the ADO plans to use Force XXI experiments (Army Warfighting Experiments) and the Digital Integration Laboratory at CECOM to evaluate and assess joint digitization interoperability.

Brigade Task Force XXI (TF XXI) AWE will play a very significant role in identifying and resolving Army and Marine Corps interoperability issues. Sufficient appliqués and

installation kits will be provided to the Marine Corps to equip and digitize a Light Armored Reconnaissance company of Light Armored Vehicles. The Air Force will participate in TF XXI AWE through Tactical Air Control Parties organic to the TF XXI Experimental Force. Based on the results of this AWE, a baseline for Joint interoperability will be established, which will form the basis of a comparison for Joint interoperability during follow-on Division XXI and Corps XXI AWEs.

The Digital Integration Laboratory at Fort Monmouth, New Jersey is a dynamic world-class integrated facility that can be rapidly reconfigured to replicate diverse existing and evolving tactical C3I/Electronic Warfare battlefield environments. Other Services are currently connecting to the DIL, to assess the interoperability of their equipment and systems with the Army.

In reference to your question on testing, the Army has developed a comprehensive Experimentation Master Plan to guide the development of digital capabilities. This effort is not a business-as-usual acquisition. Our plan will establish the Army's initial baseline capability. Then, through a series of comprehensive experiments, starting with a brigade in February of 1997, the Army will experiment and evaluate new concepts and equipment for digitizing the battlefield. The major goal is to document improvements in survivability, lethality, and operational tempo resulting from improved information availability through digitization. After each experiment the Army will evaluate the results of the field exercise, make adjustments and create a new baseline from which to measure the results of the next exercise. This "rolling baseline" concept will ensure the Army fields the most effective force with current technology.

The Army's test and evaluation agencies are working together to collect and analyze empirical data from the experimentation process. Specific system-level performance data and operational effectiveness issues will be collected from each experiment and from supporting live, virtual, and constructive simulations. One of the principal capabilities we anticipate is ensuring the superiority of our command and control system by providing warfighters with a horizontally and vertically integrated digital information network.

To ensure the information provided the users is useful and appropriate, Army has developed a "User Jury" system to evaluate the hardware and software functionality. Soldiers and leaders will evaluate each version of the software for usability and information overload. The evaluation will initially take place in simulation and gradually shift to live experiments in 1996. Data will be captured and used to refine the objective version of the Force XXI Battle Command Brigade and Below Software.

QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995

QUESTION NUMBER: 3a, 3b, 3c

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AVIATION MODERNIZATION

Mr. Hunter: The Comanche helicopter program has undergone another major restructure and is now funded only for the completion and testing of two prototypes. This is a significant change from the decision of the Bottom Up Review, which opted to produce and field this new platform because of the significant improvements it made to the operational shortfalls of the current operational scout/reconnaissance fleet. Has the Army's requirement to address the long-standing deficiency for a day/night, all-weather, rapidly deployable armed reconnaissance helicopter been changed or fulfilled by some other program?

General Sullivan: No. The RAH-66 Comanche is the only Army program to address the armed reconnaissance mission area deficiency and is the Army's number one long term modernization program. Findings and recommendations from the 1990 Comanche Cost and Operational Effectiveness Analysis (COEA II), 1990 Office of the Secretary of Defense Major Aircraft Review, and the 1993 Office of the Secretary of Defense Bottom Up Review concluded that Comanche is the most operationally and cost effective alternative to correct the armed reconnaissance deficiency.

Mr. Hunter: What will replace the antiquated AH-1 Cobras and OH-58 Kiowas in the Army's reduced force structure?

General Sullivan: The RAH-66 Comanche will replace all AH-1 Cobras and OH-58 Kiowas in both the active and reserve components. The total Comanche requirement is 1423 with a projected resourced quantity of 1292.

Mr. Hunter: Is the Army pursuing alternatives to the prototype only program within the forecast funding constraints? Is any such alternative designed to lead to production of this platform?

General Sullivan: Yes. The Army is pursuing an Early Operational Capability consisting of two prototypes and six user evaluation aircraft within the constraints of current Program Objective Memorandum funding. The Early Operational Capability (EOC) aircraft concept is designed to put reconnaissance capability into the hands of the user as quickly as possible, within funding constraints, for testing, evaluation, and development of operational tactics, techniques, and procedures. This Early Operational Capability program allows two years of user evaluation with over 3800 test hours followed by an Operational Test and Evaluation which will lead to a production decision.

**QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995**

**QUESTION NUMBER 7**

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**PERSONNEL**

**Mr. Hunter:** The concept of tiered readiness may include programmed undermanning of units that are not within the contingency corps (those units designated most ready for deployment). Within the past two years there has been evidence that the manning for some non-contingency corps units have been programmed to go as low as 85 percent. For example, members of this committee have witnessed special forces A Teams in Haiti with only 8 of 13 assigned personnel.

Does the Army plan to continue with programmed undermanning within the 10 division active force?

**General Sullivan:** No. The Army has worked and made difficult decisions that keep end strength coupled to force structure. As such, the Army is not programming units to be undermanned.

**QUESTION FOR THE RECORD  
HOUSE NATIONAL SECURITY COMMITTEE  
FY 96 ARMY BUDGET/POSTURE  
22 FEBRUARY 1995**

**QUESTION NUMBER 9**

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**PERSONNEL**

**Mr. Hunter:** The official Army position is that the mixed gender basic training test has gone well. Women seem to do better and men continue to perform as well as they had in single gender programs. Still, anecdotal evidence suggests that some senior officers have concerns and the drill instructors are uneasy about the concept.

Will the Army expand mixed gender basic training and make it a permanent part of the service philosophy, even for combat skills?

**General Sullivan:** No. Mixed gender basic training is a reflection of the gender mix in the field. Should the gender mix of the force change, then mixed gender basic training will be modified accordingly. There are no plans to expand mixed gender basic training into the Military Occupational Skills currently closed to women.

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QUESTION NUMBER 10 a/b

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PERSONNEL

Mr. Hunter: There is an indication that the use of separation incentives during the drawdown have caused severe grade imbalances (For example, all junior enlisted no senior NCOs) or overall shortages in some skills. If not controlled during 1995, there are estimates that over 300 enlisted skills could end the year with grade imbalances and shortages that would plague the force for years to come. Is the drawdown expected to leave the Army with significant grade imbalances in some skills?

General Sullivan: Many forces act upon the grade balances for each specialty, such as: structure changes, promotion rates, accession rates, school training capacities, retention rates, and school attrition rates. Separation incentives related to the drawdown do have an effect, but the condition of each skill reflects the outcome of all the other factors as well. Therefore, although there will be grade imbalances for a few enlisted specialties, drawdown programs are not necessarily the cause. In fact, the largest drawdown program of FY95 was targeted specifically at grades which were over-strength as one means to rebalance the force. As a result, the predicted grade imbalances are not expected to be significant.

Mr. Hunter: If so, what is being done to prevent/correct the problem?

General Sullivan: The various programs mentioned above must be managed in concert to balance specialties over time. Specific grade imbalances may be targeted for remedial action - mandatory reclassifications, targeted incentives, reenlistment bonuses, enlistment bonuses, etc. - when normal attrition, promotions, and training won't correct the situation in a reasonable time. For example, the FY 95 Early Loss Program targeted Noncommissioned Officers in the ranks of Staff Sergeant and Sergeant First Class. Knowing these soldiers would separate primarily in the months May, June, and July, the Army will begin in the fourth quarter of FY 95 to restore through promotions those NCOs in specialties and grades not over-strength due to structure reductions outpacing personnel losses. We do not anticipate problems with these promotions because the Army has sufficient soldiers on promotion standing lists to make up the shortages where desired. The primary fix is increased accessions during FY 96 from 70,000 in FY 95 to 85,000 in FY 96; the get well time is

limited primarily by availability of budget. To attain end-strength in FY 96, the Army will not replace all of the FY 95 losses, but will continue to try to balance the grades within each specialty. This balancing act is part of our normal personnel policy and procedures, but must be carefully managed at all times.

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QUESTION NUMBER 11a/11b

PERSONNEL

Mr. Hunter: There are suggestions that difficulties in maintaining recruit quality and numbers are stressing the recruiting community and causing leaders and individual recruiters to cut corners and cheat to survive. During the difficult recruiting period in the late 1970s, the services experienced a series of embarrassing recruiting scandals because of the pressure on recruiters to get the recruits at any cost.

A recent article in the Army Times suggests that Army recruiters are being pressured to produce quota numbers at any cost. The recruiting scandal cited in the article is reminiscent of the recruiting problems experienced during the late 1970s, another difficult recruiting period. Are we about to repeat history?

General Sullivan: No, we are not about to repeat history. Following the recruiting scandals of the late 1970s, there were 52 specific significant changes made to the recruiting system. Those changes have prevented and will continue to prevent a recurrence of the system-wide problems that were discovered.

An Enlistment Standards Directorate was established within the Recruiting Command to focus specifically on enlistment procedures on a continuing basis rather than as part of an Inspector General review. The result has been that problems are identified and remedied before they spread throughout the system.

Ethics training has been incorporated at all levels of recruiting training and command emphasis is placed on recruiting with integrity.

Safety nets such as the "Moment of Truth" and the "Soldiers' Disclosure Program" at the initial training site (when new enlistees are asked if all of their enlistment information is true and accurate) are in place to catch problems which may have escaped earlier detection.

Since the 1970s, there have been a number of localized recruiting improprieties, but no system-wide problems.

Every allegation of recruiting impropriety is investigated. The number of allegations has shown a 31.5 percent decrease since FY90, down from 1,230 allegations in 1990 to 842 in 1994. The percentage of founded improprieties is also down 26.9 percent, from 13.3 percent of allegations in 1990 to 9.8 percent of allegations in 1993, the last year for which all investigations have been completed.

As of 28 February, we have received 284 allegations of recruiter impropriety this fiscal year.

Although there has been a reduction in both the number of recruiting impropriety allegations and the number of allegations that have been substantiated, we continue to take allegations

very seriously. In each recent instance of localized recruiter impropriety, our safeguards have alerted us to the problem, and we have launched a thorough investigation and taken appropriate remedial and disciplinary actions.

We continue to emphasize throughout the Recruiting Command that while making mission is important, the "numbers at any cost" philosophy will not be tolerated, and that violations of the rules will be dealt with as expeditiously as due process allows.

Mr. Hunter: Should additional resources be added to the recruiting effort?

General Sullivan: We are currently trying to determine if additional resources will need to be added to the recruiting effort.

On the Regular Army side, we are currently resourced to achieve our FY95 accession mission and quality marks. But we are concerned about our resourcing to meet our accession and quality missions for FY96 and beyond. On the Reserve side, we are projecting resource shortfalls for FY95 and beyond.

At the root of our concern is the toughening recruiting market; the continuing decline in the positive propensity of the eligible youth to join the Army.

We are currently analyzing all of our resources in both the Regular Army and Army Reserve to determine which combination of increases will enable us to achieve our outyear accession missions with minimum cost. Under consideration are increasing advertising dollars, the number of recruiters, and incentives to enlist, primarily the Army College Fund and Enlistment Bonuses.

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**QUESTION NUMBER: #1a.b.**

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**SINGLE CHANNEL GROUND AND AIRBORNE RADIO SYSTEM (SINCGARS)**

Mr. Peterson: Given that the dual source acquisition strategy for the SINCGARS radio has worked so well that it has lowered cost while improving quality and capability:

Is the Army planning to continue a dual source strategy until the quantity of radios required each year would indicate that a competitive "neck down" between the two sources is reasonable?

General Sullivan: The Army plans to execute Office of the Secretary of Defense (OSD) direction to continue annual competitions between its two producers as long as sufficient quantities are procured to justify that approach.

Mr. Peterson: When the "neck down" occurs, how will the Army continue to guarantee that quality and cost standards are maintained with only one supplier?

General Sullivan: When down selection occurs, the solicitation and award will be accomplished using competitive processes. The competitive selection will result in a fixed price contract to ensure that favorable prices will be maintained. The acceptance standards of today will be maintained, and the successful quarterly reliability testing program will be continued.

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Mr. Hunter: The Department's budget press release stated that the President's recent add of \$25 billion to the defense "topline" enabled this budget to provide "prudent weapons modernization." Yet procurement funding in FY96 alone is \$9 billion lower than was projected in the FY95 budget. For example, Navy procurement programs in FY96 reflect: 3 fewer remanufactured AV-8Bs, 12 fewer F/A-18C/Ds, 9 fewer AH-1Ws, 1 less E-2C, 5 fewer Trident II D-5s, 97 fewer Tomahawk missiles, 1 less DDG-51 Aegis destroyer, and 1 less LPD-17 amphibious transport dock--than were shown in the FY96 column of the FY95 budget.

•Were these reductions made because - - as the press release states - - they were "lower priority programs?"

•How far behind do these reductions set Navy recapitalization plans?

•Since the FY95 budget was the first one submitted after completion of the Bottom Up Review and since you now have made major changes to the FY96 column of that budget, do you still consider the BUR program as fully funded?

Admiral Boorda: In response to your first question: No. These programs are among the highest priority programs in the Navy procurement plan. Unfortunately, affordability limitations during the FY-96 budget cycle forced the Navy to make undesirable cuts in its important modernization programs to fund readiness and quality of life issues. The additional money provided by the President greatly relieved the stress on these still underfunded areas, but was not sufficient to make appreciable gains towards the higher cost procurement programs listed here. Once we are satisfied we have properly addressed the needs of our sailors and marines -- our most important asset -- we can again focus attention on these vital modernization efforts.

Addressing question two: There is no doubt that reduced Defense funding has affected the Navy's recapitalization program. However, we feel confident that we are maintaining the funding levels needed to provide the high-quality systems needed to meet the threat within the foreseeable future. The specific delays in modernization vary by program, but our current plan is sufficient to meet our needs.

As for question three: Yes. Although the recapitalization plans have slipped while we addressed more immediate readiness and quality of life requirements, retention of older systems will be sufficient to meet our needs in the short term. We remain committed to procuring the modern force structure needed to meet the future threat outlined in the BUR.

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Chairman Spence: Will the smaller carrier task force reduce the Fleet's capability and leave the carrier more vulnerable?

Admiral Boorda: No. A policy I recently signed out concerning composition and tasking of carrier battle groups provides about six surface combatants--although the exact number can be tailored to fit the circumstances--with each carrier battle group. Each of these ships is designed to effectively execute a variety of missions. Although, generally speaking, vulnerability decreases as the number of battle group ships increases, we are confident that we have properly configured our carrier battle groups. They can perform the tasks which are critical to the success of initial crisis response mission undertaken in non-permissive environments characterized by multiple threats, with an acceptable level of risk. Technology improvements enable us to field battle groups composed of fewer units than historical norms without increasing vulnerability of the battle group.

For example, in past years we had to put conventionally powered cruisers with the battle groups to cover area anti-air warfare defense requirements. But conventionally powered cruisers had very modest anti-submarine and anti-surface ship capabilities, and little or no strike capability. Several destroyers accompanied carriers to provide anti-submarine coverage. But destroyers were extremely limited in anti-air, anti-surface, and strike capabilities. There are several other similar examples I could cite.

But today, the era of Aegis cruisers and destroyers, a single, quiet, gas-turbine powered ship can simultaneously cover the area anti-air warfare problem, defend effectively against submarine threats, attack enemy surface ships with stand-off missiles, provide gunfire support to land forces, and strike distant land targets at extended ranges with high-precision weapons. Put a handful of such ships together with a carrier, and vastly improved combat capability is realized over that provided by a large number of less capable ships, as was the case in the past.

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TAILORED TRAINING

Chairman Spence: In a December 12, 1994 letter to Senator McCain, you stated training is largely a function of size versus commitments, and that the Navy cannot adequately train in all missions should you be so small that you become overcommitted and be required to take shortcuts to meet those requirements. In a Navy Times article, dated February 6, 1995, it was reported that you are instituting a new training philosophy called "tailored tactical training". As I understand this new training doctrine, instead of training for every conceivable mission, each carrier battle group, air wing or destroyer squadron will now train for only the one or two missions they are most likely to encounter on an upcoming deployment.

\* Could you explain the apparent inconsistency in your two statements?

\* Is "tailored tactical training" a shortcut to traditional methods of training?

Admiral Boorda: Tailored tactical training is not a shortcut to traditional methods, but incorporates traditional training methods into an effective and efficient training doctrine (Tactical Training Strategy-TTS). This strategy is designed around a building block approach which takes a ship through basic individual unit capabilities, to integrated multi-ship, battle group and staff operations, and finally to integrated Joint operations.

The Tactical Training Strategy is centered on tailored training as a result of a baseline assessment conducted on each individual ship. From this assessment, a tailored training plan is developed to meet the training needs of that ship based on its TYCOM's requirements. All Navy ships from CV's to PC's are required to undergo Basic Phase training every two years. Basic Phase is within-the-lifelines training.

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Each ship is trained in their particular ship class mission areas based on their Required Operational Capabilities and their TYCOM requirements. It is a sequential process which builds internal ship's training teams in engineering, damage control, combat systems, and seamanship. The training starts with basic mission fundamentals and increases in difficulty and complexity until the ships complete the Final Evaluation Problem, a high stress evolution that evaluates the ship's ability to stand alone, fight, and survive.

Ships will receive different intermediate and advance training depending on their assigned operational mission or deployment. For instance, ship's assigned to a Battle Group/Amphibious Ready Group Mediterranean or Western Pacific deployment will undergo Basic Phase, Intermediate Phase, and Advance Phase training. All ships will get a tailored Basic Phase. Then during the intermediate Phase all ships and staffs in the battle group receive training that emphasizes integration of the ships, aircraft, their mission areas, and staff functions. Their Advance Phase training is centered around the integration of Joint operations and the final certification of the battle group and its staff to deploy. Ships assigned to the Mid-East Forces (MEF), or STANAVFORLANT receive Basic Phase training and Intermediate Phase Training, but not the Joint integrated training of Advance Phase. When the Western Hemisphere Group comes on line in the Caribbean, those ships will receive the Basic Phase and ships assigned to UNITAS will receive a tailored Intermediate Phase of integrated training from their group in support of the UNITAS mission.

This is a lengthy and expensive process. If we had the time and money, we would like all Naval units to undergo the full training from Basic to Advance. However, in this period of fiscal constraints and increased commitments it has become necessary to evaluate the use of each type ship and aircraft and the

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time available for maintenance and training. As a result, ships participating in less demanding commitments, such as counter-drug operations, will only get the training required to execute that mission. Ships and aircraft conducting the demands of a Med or WestPac will get the full package, as always, to be prepared for any contingency. This introduces some element of risk if the ships in the Western Hemisphere are called to deploy to the Med in a contingency. They will not have had as much battle group or Joint integration training and would require a learning curve to get back up to speed. To reduce the slope of this curve, efforts have been initiated to develop simulation based training systems which will allow ships to train while in transit. While not optimum, this is an acceptable risk.

To execute the Tactical Training Strategy effectively for a six month deployment group requires a 2.77 turn around ratio or 16.62 months. In that 16.62 month period, a sizable portion of the crew will turn over. Formal schools must be completed, maintenance completed, and the three phases of the Tactical Training Strategy must be completed, as well as a number of required supporting events like weapons onloads and administrative inspections. If the force is reduced and commitments increased, keeping ships on station would require a reduction in either maintenance or training. Without maintenance, ships will eventually breakdown and not be on station, so training becomes the area sacrificed to meet the required on station commitments. If commitments continue to increase, then even maintenance would have to go.

We are at the point where commitments nearly equal assets. The reorganization plan and Tactical Training Strategy are methods to keep the highest quality trained units paired to the mission (commitment) requirements. My statements support each other. A smaller navy with more commitments will impact training, and our current training plan meets the needs of the commitments by assigning the best units to the

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missions and training them for that operation as explained above.

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Chairman Spence: Are over-commitments the reason you have established this new method of training?

Admiral Boorda: No. The concept of "tailored tactical training" is designed to better prepare our units to meet and execute the most likely missions which could be assigned to them during deployment.

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SUBMARINE PROCUREMENT

**Mr. Hunter:** The budget request includes \$1.5 billion for procurement of a third SEAWOLF submarine, the SSN-23. The budget request also includes \$455 million in RDT&E in FY 96 and \$523 million in FY 97 for a follow-on New Attack Submarine (NAS), as well as advance procurement of \$704 million in FY 96 and \$300 million in FY 97 for the NAS. The Secretary of Defense has indicated that procurement of the SSN-23 is based primarily on industrial base considerations, not on operational needs. Development cost of the NAS will total in excess of \$4 billion.

What is the operational need for the SSN-23?

**Admiral Boorda:** Ensuring free access to the world's oceans remains a primary mission of the United States Navy. To accomplish this requires the ability to dominate in the area of undersea warfare. Increasing numbers of countries are manufacturing or purchasing state-of-the-art submarines that can present a real threat to surface shipping, particularly in littoral choke points such as the Strait of Hormuz. The most effective weapon to counter this threat is still the submarine, which can operate in the littoral region with relative impunity because of its inherent stealth. The submarine is immune to Tactical Ballistic Missiles and Coastal Cruise Missiles which pose a considerable threat to other forces until air superiority is established. Additionally, improvements in magnetic quieting and mine detection sonar, coupled with the ability to covertly monitor minelaying operations, permit the submarine to avoid minefields.

The keys to success against the quiet diesel or nuclear submarine are acoustic quieting, effective and capable sensors and processors, weapon system performance, and crew proficiency. United States submariners remain the finest trained in the world, equipped with the most advanced homing torpedoes and state-of-the-art sensor and processing technology. However, for the first time since Nautilus put to sea, the United States no longer has the clear advantage in the area of acoustic stealth. Today there are about half a dozen Russian submarines at sea and a similar

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number under construction that are quieter, at some speeds, than our improved 688 class submarine. Despite our advantages in combat systems and crew training, this loss of superiority in acoustic stealth reduces the margin of overall US-Russian submarine superiority to its lowest in history. This is unacceptable. SEAWOLF and the follow-on New Attack Submarine (NSSN) will provide the quieting advantage to effectively reestablish our clear superiority in acoustic stealth.

The Joint Staff established a requirement for 10 to 12 attack submarines with SEAWOLF stealth by the year 2012 because of this need for increased quieting to deal with quiet nuclear and diesel submarines. SSN-23 directly contributes to this requirement and provides the critical link in sustaining the industrial base capability for future submarine production.

Authorization of SSN-23 provides the Nation with a warship of unmatched capability. Like its two sister ships, it will be quieter, faster and carry more weapons than any submarine ever built by the United States. These capabilities provide SSN-23 with a clear tactical superiority over modern Russian submarines currently at sea as well as the projected nuclear and diesel submarines of the future.

**Mr. Hunter:** What are the industrial base alternatives to authorizing the construction of a third SEAWOLF?

**Admiral Boorda:** There have been no new construction submarine starts since 1991. We are clearly in a transition period from high rate to low rate production. We need a method to "bridge" this gap. There are six key elements to be considered in any bridge solution:

1. Design of complex, vendor-supplied non-nuclear components,
2. Production of complex, vendor-supplied non-nuclear components,
3. Design of nuclear components,
4. Production of nuclear components,
5. Design of nuclear submarines,
6. Construction of nuclear submarines.

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The issue was examined in a number of ways, including studies by the Navy, the Joint Staff and the Office of the Secretary of Defense, as well as an independent examination by the RAND Corporation.

The conclusions drawn by all of these studies are essentially the same, i.e. additional SSN construction is essential to "bridging" submarine production from 1991 (last nuclear submarine new construction authorization) to the planned authorization of the New Attack Submarine in 1998. The gap, without SSN construction, would have a devastating impact on an industry which, of necessity, is dedicated to design and construction of nuclear submarines and their components and has little or no offsetting, parallel commercial work.

Among the alternatives considered, SSN-23 has been identified as the only feasible bridge to the 1998 start of the New Attack Submarine. The submarine industrial base is comprised of three major skill and labor elements: those involved with shipbuilding, the non-nuclear submarine unique vendors and the nuclear vendors. While New Attack Submarine development/advanced procurement will support critical design and nuclear production skills, the SSN-23 is the only project available between now and 1998 that preserves the production skills of the shipbuilder and non-nuclear submarine unique vendors. All other options considered are too risky with respect to maintaining or rebuilding these unique skills and facilities. The production activity over the next decade has been stretched to the breaking point. Any further disruption or alteration of the planned build profile could jeopardize industry's ability to deliver needed submarines in the future. It is imperative that we build SSN-23 in 1996.

**Alternatives for Bridging the Gap**

**1. Shutdown of the Industrial Base until 1998 or later**  
Nuclear capable shipbuilders represent a collection of skills that are difficult to establish but quick to perish. We have never attempted a shutdown and restart of a nuclear capable shipyard. It would be safe to say that such an exercise would be very risky and there is no guarantee that we would ever be able to recover

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the capability. Additionally, the impact of any protracted gap is felt at the component supplier level as well. The gap may well force some of the vendor base to leave the industry. These vendors would have to be replaced before submarine production could be restarted with associated cost and schedule impacts. This would be a particularly acute problem for specialized component manufacturers.

The loss of a nuclear capable shipyard precludes the ability to rapidly ramp up production at a later date. Recertification of a shut down builder would be a long process and would require immediate restart and high SSN build rate (3-4 per year) to sustain the required force levels.

Finally, this option provides none of the key ingredients needed to permit construction of the New Attack Submarine, i.e. design and construction skills.

**2. Bridging the gap with selected submarine components**

This option delivers no capability for the investment made. It is a make work type of scenario that provides no support for the ship design, integration nor construction process, nor does it maintain the unique culture of high quality and discipline that is needed to construct safe and reliable nuclear powered submarines.

**3. Bridging the gap with overhaul/new construction of SSN 688I Class submarines**

**Overhaul of SSN 688Is**

Submarine overhauls do not require the same type or magnitude of design effort associated with new submarine development. Similarly, overhauls do not require and, therefore, do not preserve the mix of skills demanded by new submarine construction. Further, overhauls provide little work for component suppliers. Without new construction, suppliers will go out of business. The talent, skills and discipline to design, build, test and integrate these components will be lost. Reconstituting would be time-consuming and costly, assuming it could be done at all. The overhaul/upgrade approach postpones inevitable block obsolescence.

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**Continued construction of SSN 688Is**

Construction of a single SSN 688I in FY 96 may not be achievable by industry due to the short preparation time and does not provide enough workload or require the right mix of skills to maintain this critical core of personnel. It would take two SSN 688Is to provide the necessary workload to maintain baseline construction skills.

Further, as the Navy shifted to SSN 21 design and production in the late 1980s, SSN 688I suppliers began shutting down production of SSN 688I material and components and retooled to support SSN 21 production. Retooling and restarting SSN 688I production to support one or two ships, would be expensive and inefficient, as would reinvesting in some of the older technologies which have been overtaken by SEAWOLF technologies.

In summary, the decision to build SSN-23 is prudent because it provides unequaled military capability through its superior stealth, speed and payload, it takes advantage of funds already appropriated procuring the ship at a cost comparable with an 688I class under the same market conditions, and it preserves the nation's ability to build "high tech" submarines -- providing stability during industry restructuring and transition to stable low rate production.

**Mr. Hunter:** Why isn't the alternative of competing construction for this submarine (NSSN) being considered?

**Admiral Boorda:** The Navy's current plan -- SSN 23 in FY96 and continuation of the New Attack Submarine Design/Build process at Groton, CT -- sustains two nuclear capable shipbuilders and preserves the option of competition to be introduced when it is advantageous to the government.

Simply put, potential competition in the New Attack Submarine program is an issue of timing. In order to adequately sustain competition, there must be a sufficiently high build rate of at least 2 submarines each year. The New Attack Submarine program does not achieve multiple submarines per year until FY2002 and beyond.

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**Introducing competition for early New Attack Submarines is not in the best interest of the government based on the following:**

It would undermine the New Attack Submarine design/build approach. The design/build process is the key to the affordability of the NewAttack Submarine. The design is being optimized to the Groton, CT method of construction and procurement. Preparation for a competition would result in both duplicating the design effort done to date and resolving the incompatibility between the Groton, CT design tools/construction methods and those at Newport News. The delay due to design re-work and duplication could extend the period of time the lead ship would spend in the construction period by up to 2-3 years. There would be no delay in the start of construction.

Near term construction activity is insufficient to sustain submarine production in two yards.

CVN production and Nimitz class carrier refueling adequately sustains Newport News for the foreseeable future.

It would force dropping to a single nuclear capable shipbuilder if Groton, CT were to lose the competition. It has been the consistent position of the Navy to support SSN 23 as a bridge submarine which would permit transition to production of a more affordable attack submarine starting in FY1998. There is no product line other than nuclear powered submarines at Groton, CT that would otherwise sustain them as a going concern.

**Introducing competition beyond the FYDP may be more advantageous because:**

It would allow completion of New Attack Submarine design and support an orderly transition to stable low rate production.

It would avoid inefficiencies during the tenuous transition period and avoid the difficulties associated with the SEAWOLF split design experience.

**Mr. Hunter:** What is the justification for maintaining two nuclear capable yards?

**Admiral Boorda:** The Bottom Up Review process yielded a national security judgment to maintain two nuclear

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**LCAC**

Mr. Jefferson: How are the LCAC performing in the missions for which they were designed?

Admiral Boorda: The LCAC has met or exceeded every mission for which they were designed as an amphibious assault craft. Their superb performance has lead us to look at expanding the missions for LCAC.

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**LCAC**

Mr. Jefferson: What additional missions have you developed for the LCAC?

Admiral Boorda: We have added mine countermeasures (MCM), lane breaching, personnel transport, and medevac as additional missions for the LCAC, and we have redesignated the craft involved in these missions as Multi Mission Air Cushion Craft (MMAC). Additionally, we have begun to look at using LCAC in a logistics over the shore role as a possible new mission for the craft.

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**LCAC**

Mr. Jefferson: Do you have sufficient quantities of LCAC to accomplish present and envisioned missions, or will we have to buy more?

Admiral Boorda: Yes, with the present program of 91 craft there are sufficient craft to fulfill all missions. We are backfitting all existing LCAC to allow all craft to perform as multi-mission MCAC.

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**LCAC**

Mr. Jefferson: I understand that you are developing a cost-effective program to extend the service life of the present craft, and that many of the changes can be applied to the last few craft while they are in the production line. This will provide a low cost way to prove out the concept, and to establish a baseline for a comprehensive SLEP program. Please describe the program objectives and timing for me. Would the availability of additional resources in FY96 enable you to insure that the program is started in time to maintain our amphibious capabilities.

Admiral Boorda: There is currently no LCAC Service Life Extension Program (SLEP). The changes which are being accomplished to the last craft on the assembly line are either craft alts (required to make the craft MCAC capable) or minor engineering changes which have resulted from lessons learned on earlier craft. We currently have an LCAC Mid-Life program in our budget which provides for an extensive baseline overhaul to be accomplished at each Assault Craft Unit at the approximate mid-life of the craft (9-11 years for a nominal service life of 20 years).

We have begun to look at a full scale Service Life Extension Program (SLEP). The SLEP program would replace the current Mid-life program and be accomplished at the 13-14 year point. It would require the craft be returned to the manufacturer for engine upgrades, skirt upgrades, command and control upgrades, and hull structure repair/replacement as required. This would extend their life to 30 years. We are still evaluating the SLEP program since the original 20 year life expectancy was based primarily upon craft hours, and most craft are running behind the projected hours at this point in their life. Funding in FY 96 would accelerate this program and ensure that the industrial base built up during the production line will be maintained.

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**LPD 17**

Mr. Jefferson: In the last Defense Plan, the LPD 17 amphibious assault ship was scheduled to begin construction in FY96. Rumor is that the LPD 17 has been slipped to FY98. What is the status of the LPD 17 program lead ship?

Admiral Boorda: The LPD 17 lead ship is currently in the Navy's shipbuilding plan as a FY 98 ship.

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**LPD 17**

Mr. Jefferson: How many ships are planned for the LPD 17 class?

Admiral Boorda: The LPD 17 program calls for 12 ships.

**HOUSE NATIONAL SECURITY COMMITTEE  
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**LPD 17**

Mr. Jefferson: The Congressionally-required addition of ship self-defense systems to the LPD-17 class ship has added significant costs to this ship. Do you think the extra costs are worthwhile and balanced?

Admiral Boorda: Yes. We have studied the self defense systems proposed for the LPD 17 and we believe the right systems are planned for this ship.

**HOUSE NATIONAL SECURITY COMMITTEE  
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**LPD 17**

Mr. Jefferson: Because of the delay in the LPD 17 class, I understand that other older amphibious ships will have their service life extended. Is this cost effective?

Admiral Boorda: The ship class directly affected by the LPD 17 delay is the LPD 4 class, which will be 38-40 years old when decommissioned. There is a certain risk associated with keeping ships in commission this long from a reliability and maintainability standpoint. As a result of the LPD 17 delay, we have developed an LPD 4 class reliability and sustainability program to ensure these ships can make it to their revised service life. This program will require additional funding above normal maintenance and operating costs and is being developed as a PR97 issue within the Navy to identify these funds. The cost of keeping the LPD 4 class two additional years is considered reasonable, however, when added to the increase in cost of the LPD 17 due to inflation as a result of slipping the ship two years, the total cost is significant.

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**LPD 17**

Mr. Jefferson: How badly does the Marine Corps need the LPD 17 and how will the two year delay effect our capability?

Admiral Boorda: LPD 17 class is needed for a number of reasons. It ensures that there will be 2.5 MEB lift maintained by providing twice the vehicle lift of LPD 4 class ships; LPD 17 fully rounds out the three ship Amphibious Ready Group (ARG) of the 21st century (LHA/D, LPD 17, LSD 41/49); it is fully capable of over the horizon assaults supporting the Marine Corps' Operation Maneuver From the Sea (OMFTS) through its increased LCAC and aviation capabilities; it allows us to have 12 ARGs with a secondary aviation capability (currently have only 11 LPD 4 class ships); and it gives us a quantum leap in command and control, secondary aviation capability, and medical facilities which allow the PHIBRON/MEU Commander to truly exercise "split ARG ops" when required. We should not let this ship slip further.

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**LPD 17**

Mr. Jefferson: Has the Marine Corps given any thought to acquiring LSD-type vessels to partially substitute for the LPD class LSD type ?

Admiral Boorda: The Navy studied an LSD 41 type ship as a possibility when the LX (now LPD 17) was conceived. The LSD 41 does not provide many of the LPD like capabilities, i.e. secondary aviation capability, medical facilities, command and control, vehicle lift, and total capability for split ARG ops. The LSD 41 hull form is already stability limited so it would be impossible to incorporate many LPD features into it. The cost of additional LSD 41's has been compared to the unit cost for LPD 17's, with only a small savings for the loss of tremendous capabilities. The Marine Corps does not want or need more LSD 41's, they need LPD 17.

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SEALIFT

Mr. Jefferson: Does the FY96 Budget Request for the National Defense Sealift Fund provide sufficient funds to permit the exercise of options for two additional new construction sealift vessels?

Admiral Boorda: Yes, sufficient funds are included in the FY96 Budget Request under the National Defense Sealift Fund to exercise options for two new construction ships.

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SEALIFT

Mr. Jefferson: What is the planned timing of the exercise of those options?

Admiral Boorda: Awards are planned for the first quarter of FY96.

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SEALIFT

Mr. Jefferson: Is it still planned to award one option to Avondale of New Orleans and one option to NASSCO of San Diego?

Admiral Boorda: Yes, the current plan regarding exercise of the options is one option to Avondale and one option to NASSCO.

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SEALIFT

Mr. Jefferson: The FY96 Budget Request of the National Defense Sealift Fund requests \$359 million to "Install National Defense Features/Ready Reserve Force." Describe in detail the contemplated use of these funds. What "Defense Features" will be installed on which ships?

Admiral Boorda: The entire \$359 million requested is for the Ready Reserve Force (RRF). No funding has been requested for National Defense Features. Of the total requested, \$289 million is for operations and maintenance of the RRF, including activations and sea trials. The remaining \$70 million is for acquisition of additional roll-on/roll-off (RO/RO) ships to meet the Mobility Requirements Study requirement for 36 RO/RO vessels.

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SEALIFT

Mr. Jefferson: The Mobility Requirements Study (MRS) called for the procurement of 19 Large, Medium Speed Roll-on Roll-off (LMSRs) sealift vessels. To date, the Navy has awarded contracts or options for 17 of the 19 ships. Is it true that the MRS Bottom Up Review Update (MRS BURU) confirmed the need for 19 LMSRs? If so, when and how do you plan on procuring the additional two ships?

Admiral Boorda: Yes, the MRS BURU confirmed the need for 19 LMSRs. Contract award for the final two ships is projected to occur in FY99, with ship delivery in FY01.

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## TRAINING DOLLARS

Mr. Spence: What was the FY94 experience?

General Fogelman: In FY94 no funds were diverted from training programs. The FY94 President's Budget contained \$457.8 million for Air Operations Training. FY94 actuals for this training totaled \$484.7 million.

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## TACTICAL AIRCRAFT

UNCLASSIFIED

Mr. Hunter: For the second straight year, the Air Force has no tactical fighter aircraft in the procurement budget; the Navy has 12. For the next four years, only 30 percent of all fighter aircraft deliveries (F-16s and F-18s) are for the Air Force and Navy. The remainder are for foreign customers. What impact is the low level of procurement funding having on the tactical fighter industrial base, particularly at the subcontractor and vendor level?

General Fogelman: The tactical fighter industrial base has certainly evolved following the force structure build-up of the late 1980s. Since then, the industrial base has been typified by loss of jobs and technical expertise, consolidation and reduction in the number of prime contractors and a much greater dependency on Foreign Military Sales (FMS). Industrial base health is a key concern to the Air Force. The AF Aeronautical Systems Center at Wright-Patterson AFB, OH recently completed a detailed Industrial Base Technical analysis. The purpose of this study was to review and analyze prime, key second tier single, and sole source industries supporting the F-15, F-16, F-22, and engine programs. Companies supporting the B-2 and C-17 programs were included as well. The data collected during this study strongly supports the contention that our defense industrial base is shrinking at all levels. This erosion, however, is not immediately threatening. The fighter industrial base is currently viable and poised to support near and mid-term Air Force requirements, however, the negative trend is likely to continue and deserves close attention.

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## TACTICAL AIRCRAFT

UNCLASSIFIED

Mr. Hunter: Do you have any concerns that our tactical fighter industrial base could be left extremely vulnerable should one or more foreign customers decide to cancel their contract?

General Fogelman: For the near term, the two main prime contractors of fighter aircraft, Lockheed and McDonnell Douglas, are highly dependent on Foreign Military Sales (FMS). For example, only 18 percent of planned F-16 deliveries at the Lockheed plant in Ft Worth are for the Air Force, the remaining 82 percent are slated for foreign customers. In addition, after February 1997 (the date of the last scheduled USAF F-16) all deliveries will be exclusively FMS. Obviously, cancellations by one or more foreign countries will impact the business base. The situation at the subcontractor and vendor level is not as threatening. Very few aviation suppliers have fighter-unique products. Notable exceptions include canopies and ejection seats. Again, according to recent studies the vast majority of fighter industrial base second tier companies are relatively healthy and less dependent on FMS.

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## TACTICAL AIRCRAFT

Mr. Hunter: Is it true that the Air Force needs more F-15E and F-16 attrition aircraft in the next few years?

General Fogelman: Additional aircraft are required to maintain a healthy fleet of F-15E and F-16 aircraft. Unfortunately, fiscal realities have not permitted us to continue with procurement of these fighter aircraft. In the event funds were made available for continued aircraft production, an investment "window of opportunity" exists to procure fully equipped aircraft without large outlays. This window exists as a result of the current foreign military sales production schedule.

Procuring aircraft early in the FYDP would help ensure a viable fighter fleet until follow-on F-22 and Next Generation Attack Fighter (NGAF) replacements are in the inventory. Without procurement, the aircraft shortfall in the F-15E and F-16 fleet may mandate reductions in primary aircraft inventories which affect our ability to maintain Bottom-Up Review force structure requirements.

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## TACTICAL AIRCRAFT

UNCLASSIFIED

Mr. Hunter: The Air Force tactical force structure was built up through annual procurements in the '80s and early '90s of at least 300-400 aircraft per year. Following the current plan, the department will procure at an annual rate of ZERO until 1998. If we are to maintain the Bottom-Up Review (BUR) force structure, will it not take significant funding in future years to maintain the BUR levels as the current inventory starts to reach the end of its structural life? Is this necessary funding programmed in the Future Years Defense Program (FYDP)?

General Fogelman: The large annual procurements of the 1980s and early 1990s were in support of 40 Fighter Wing Equivalents (FWE). The surplus fighter inventory resulting from down-sizing to 20 FWE has allowed some flexibility in managing fighter force structure. Nonetheless, as described earlier, the Air Force requires additional fighter inventory to sustain the fleet beyond the turn of the century. Options under consideration include buying additional F-16 Block 50s and F-15Es. Due to severe budget constraints, the F-22 is the only funded fighter procurement program currently in the FYDP and will replace the F-15 air superiority fighter. The F-22 procurement plan avoids significant overlap with the acquisition of the JAST-based Next Generation Attack Fighter (NGAF), the replacement for the F-16. Plans call for NGAF procurement in the 2010 time frame.

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## FOLLOW-ON AIRCRAFT

UNCLASSIFIED

Mr. Hunter: As we are confronted with no Air Force tactical aircraft procurement for three years and 12 aircraft per year for the Navy this year and next, the military services have no requirement they can agree upon for a follow-on aircraft. There is a technology program underway called "JAST" (Joint Advanced Strike Technology) for which \$250 million has been appropriated in the last two fiscal years. Another \$330 million is in the current budget request. Yet, there is no Navy-Air Force agreed upon requirement for the JAST Program. It is very possible that instead of "JAST," what we need is more of what we have, or modifications incorporating current technology into further procurement of existing aircraft. Without a specified requirement for a program of this size, how do we ensure that we are not spending money in the wrong place?

General Fogelman: The Secretary of Defense's (SECDEF) Bottom-up Review (BUR) in FY94 acknowledged the Services' need to replace their aging strike assets in order to maintain our combat technological edge. The Navy and the Air Force, with the strong support of the SECDEF, established the JAST Program as the focal point for defining affordable next generation strike aircraft weapon systems for the Air Force, Navy, Marines and our allies. The Services have identified their basic need statements and also provided direct funding and personnel support to the process which will develop joint requirements. Specific system requirements do not exist yet because the process, by design, is providing the services with the key cost vs performance trades necessary to achieve an affordable solution, not because "the services cannot agree."

A crucial aspect of the JAST Program mission is facilitating the evolution of fully validated operational requirements. The program accomplishes this by emphasizing early interaction of the warfighter and the developer to ensure cost vs performance trades are made early when they can most influence weapon system cost. The JAST Program Integrated Product Teams of warfighters and technologists use the disciplined strategy-to-task-to-technology process to help the Services develop a set of requirements with maximum focus on jointness, and evolve them over time consistent with technology's ability to support them affordably. An extensive underpinning of Modeling, Simulation and Analysis is providing an objective assessment of what capabilities our warfighters require in an environment of reduced force structure.

Air Force, Navy and Marine Corps personnel, together with industry, are conducting the requirements definition efforts. They believe this joint approach to requirements definition will provide both the warfighter and the taxpayer more "bang for their buck." This very successful activity will culminate, on schedule, in the Services' draft Joint Mission Needs Statement (JMNS) this summer, followed by the final JMNS this fall which will be validated by the Joint Requirements

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Oversight Committee. A Joint Operational Requirements Document is anticipated in 1998, preparatory to an Engineering and Manufacturing Development program start in year 2000.

The total funds appropriated in the last two fiscal years is \$216 million which has funded demonstration of key technologies and produced initial weapon system design concepts by the major weapon system contractors.

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## FOLLOW-ON AIRCRAFT

UNCLASSIFIED

Mr. Hunter: Until we better determine what the requirement is for follow-on aircraft, would it not be prudent to at least fund our tactical fighter production bases at a sustaining level so that we do not put it at risk by making it solely dependent on foreign military sales?

General Fogelman: Currently the Air Force simply has insufficient Total Obligation Authority to buy additional fighters due to higher priority programs and initiatives. Nonetheless, additional fighter inventory is needed to sustain the fleet beyond FY00. Procuring additional F-15Es and F-16 Block 50s are options under consideration.

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## BOMBER FORCE

UNCLASSIFIED

Mr. Hunter: The DOD is conducting a major review of US bomber force structure and requirements. A key issue being addressed in the study is whether to produce additional B-2 bombers beyond the 20 aircraft already authorized and appropriated. If the Department decides, as part of the on-going bomber study, to produce additional B-2 bombers, will the Department also propose specific funding programmatic "offsets" to pay for the B2s?

General Fogelman: The Air Force has no plans at this time to procure more than 20 B-2s. Procurement of additional B-2s would necessitate either redirection of Air Force funding from other valid requirements or an increase in Air Force Total Obligation Authority. The results of the Heavy Bomber Force Study would need to present a compelling argument for more B-2s before the Air Force would ask the Department to redirect critical resources from other priority systems.

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## BOMBER FORCE

UNCLASSIFIED

Mr. Hunter: Does the FY96 budget request fully fund all bomber modernization efforts, such as the B-1 Conventional Mission Upgrade Program?

General Fogleman: Modernization of the bomber force consists of three separate programs: the B-1 Conventional Mission Upgrade Program (CMUP), B-2 development and procurement, and the Conventional Enhancement Modification for the B-52. All of these modernization efforts are fully funded in the FY96 budget. However, the Air Force is reevaluating the funding profile for the B-1 Electronic Countermeasures (ECM) upgrade; currently it will not support Air Combat Command's desired limited operational capability (LOC). The Air Force is revising the ECM program to provide an "incremental" ECM capability in the FY01 time frame, coincident with B-1 LOC for the Joint Direct Attack Munition. This will require a limited amount of production funding to be added to the FYDP. The Air Force will continue to address all these conventional enhancements during the FY97-02 POM update.

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## BOMBER FORCE

UNCLASSIFIED

Mr. Hunter: Has the Department reviewed Northrop's proposal for a firm, fixed-price contract for 20 additional B-2s? Do you agree with their estimate that 20 additional B-2s would cost \$570 million apiece? What is and is not included in this estimate? Is this a multiyear, take-it-or-leave-it offer?

General Fogelman: Yes, the Air Force has reviewed Northrop Grumman's cost and pricing data for 20 more B-2s. The Northrop Grumman firm fixed-price offer of \$570 million per aircraft contains only recurring flyaway costs in FY95 constant dollars. It does not include nonrecurring manufacturing, weapon system support, military construction, or operations and support costs. Their price contains the basic contract plus six annual options and reflects three aircraft per year. The additional 20 would be the same configuration as the last block 30 B-2 delivered in FY98 on the current contract. While the Air Force has not completed a thorough detailed analysis of the Northrop Grumman proposal, we have used the \$570 million per aircraft as the basis for our estimate for 20 additional B-2s. Should a requirement for more B-2s be established and funding identified, the Air Force would perform a detailed fact finding review of all contractual and pricing provisions prior to accepting the Northrop Grumman price.

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## AIRLIFT

UNCLASSIFIED

Mr. Hunter: Although the committee has not seen the results of the updated Mobility Requirements Study, we understand that it calls for 140 "C-17 equivalents." What is a "C-17 equivalent?"

General Fogelman: We used "C-17 equivalents" in the Mobility Requirements Study Bottom-Up Review Update (MRS BURU) to represent the capacity of both the C-17 and NDAA. This unit of measure was expressed in terms of million-ton miles per day (MTM/D) of airlift capacity and is a function of aircraft speed, utilization rate, and average payload. One C-17 equivalent represents 0.1314 MTM/D. We chose to measure capacity in terms of C-17 equivalents because each NDAA candidate has its own unique MTM/D planning factor that varies by airframe type. The MRS BURU recommends a moderate risk strategic airlift capacity in a range from 49.4 to 51.8 MTM/D. This range includes our current military airlift fleet and all three stages of CRAF. After the C-141 retires, this range will equate to a total aircraft inventory equivalent of 120 to 140 C-17s. It is important to note, a "C-17 equivalent" denotes equal MTM/D capacity but does not suggest equivalent military utility.

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## AIRLIFT

Mr. Hunter: If the term implies that a mix of C-17s and non-developmental airlift aircraft (NDAA) is the right way to go, why did the Department delete almost \$400 million for an NDAA from its FY96 budget request?

General Fogelman: All the information we need to make an informed decision is not yet available, so it is premature to suggest that a mixed fleet of C-17s and non-developmental airlift aircraft (NDAA) is the right way to go. The Department was reluctant to delete almost \$400 million for strategic airlift from the FY96 budget request; however, the decision was driven by overall budget pressures. Unfortunately, today's fiscal realities forced us to use this money to pay for higher priority DOD readiness programs given that no decision has been made to buy an NDAA. As for future C-17/NDAA funding, the Strategic Airlift funding line will be used to support the airlift force mix decision made by the November 1995 Defense Acquisition Board.

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## AIRLIFT

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Mr. Hunter: General Fogelman, what is the remaining \$184 million in the "strategic airlift" line item supposed to fund and how was the figure derived?

General Fogelman: The strategic airlift line is intended to support any likely strategic airlift decision after the Defense Acquisition Board (DAB) in November 1995. For instance, if the decision is made to procure more than 40 C-17s, the \$184 million in the strategic airlift line will provide for the advance procurement of 8 C-17 aircraft for FY97. If the DAB recommends procurement of a Non-Developmental Airlift Aircraft (NDAA) in FY96, strategic airlift funds, combined with remaining funds appropriated in FY94 for military or commercial derivative, non-developmental, complementary wide-body aircraft, will be used to procure the NDAA. If the DAB decides to continue procurement of the C-17 beyond 40 aircraft and procure an NDAA, then the strategic airlift line will help support that acquisition strategy.

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JSASM and JDAM are not redundant or duplicative. Each brings unique capabilities and operational flexibility to the warfighter. Having multiple weapons to engage a target set does not necessarily indicate duplication and redundancy in weapon development.

Despite the deficiencies in the GAO report, concerns over unwarranted proliferation of PGMs are valid and should be addressed. The best measure of this is to look at where we are right now. Currently, the Air Force has four major weapon development programs: JDAM, the Joint Standoff Missile (JSOW); the Wind Corrected Munitions Dispenser (WCMD) (which was overlooked by the GAO report); and JSASM, the replacement for the recently canceled Tri-Service Standoff Attack Missile. These four weapons give us combinations of capabilities such as standoff versus direct attack and unitary warhead versus cluster submunitions. They also bring advanced capabilities, such as dramatically improved accuracy and adverse weather capability. After fielding these weapons, virtually every Air Force fighter and bomber will be PGM capable. Moreover, three of the four programs (JDAM, JSOW, and JSASM) are joint programs with the Navy. JDAM and WCMD are also upgrading the accuracy and adverse weather capability of current inventory munitions. Finally, each of these weapons has cost requirements or goals to ensure we are getting the most capability possible for the lowest possible cost.

In summary, we disagree with the GAO assertion that there is duplication and redundancy in Air Force PGM programs. The Air Force is currently pursuing a limited number of weapon development programs, each of which fulfills combinations of warfighting requirements. Together they represent a revolutionary leap in warfighting capability.

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## STATUS OF COURT MARTIAL

UNCLASSIFIED

Mr. Hunter: Captain Wang was the AWACS crew director involved with the shoot down of the two Army Blackhawks [sic] over Iraq. Critics have suggested that Captain Wang has been unfairly identified to take the blame for the accident when charges against others, including the fighter pilots involved, have been dropped. It has been widely reported that Secretary Widnall had decided to not pursue the charges, but had wanted Secretary Perry's support in the decision. When he refused, Secretary Widnall decided to support the charges. Captain Wang's attorney's [sic] now want to call Secretary Perry and Secretary Widnall to testify as they believe a case can be made of command influence. The court-martial is scheduled to begin March 17, 1995. What is the status of the court-martial of Captain Wang?

General Fogelman: The trial of Captain Wang's case is now scheduled for May 31, 1995. A pre-trial session on evidentiary matters is scheduled for May 8, 1995.

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## OFFICER PROMOTION SYSTEM

UNCLASSIFIED

Mr. Hunter: In response to perceptions of unfairness voiced by people throughout the force, you have announced as one of your priorities a comprehensive study of officer and enlisted evaluation and promotion systems. Although you believe that both systems are essentially sound and in need of only minor adjustment, you are concerned that recent criticism will damage morale and refocus attention on old complaints of cronyism that plagued the Air Force officer promotion system in recent years. In 1992 and again in 1994, Air Force general officers were criticized for tampering with promotion boards. The Air Force is also being challenged in court by a number of officers whose careers suffered as a result of an officer rating system in effect during the 1970s. What is the nature of the officer evaluation problem that causes you to focus on this matter so quickly?

General Fogelman: We have carefully gone back and reviewed all of the findings from the 1991 and 1992 Congressional review of the officer promotion process, and I can assure this Committee that the Air Force took immediate action to correct the deficiencies identified. Specifically, we have revised our promotion system to comply with all applicable laws and DOD directives pertaining to the promotion process. The Secretary or one of her senior civilian staff also interviews board members and the board staff on a random basis to ensure continuous quality control.

We are also working the evaluation issues hard. In our view, the controlled Officer Effectiveness Report (OER) system, in effect from 1974-1978, was fair and legal. In those instances where an individual believes an injustice may have occurred, the Air Force has a system in place to correct those injustices or errors either through appeal (military) or the Air Force Board for Correction of Military Records (civilian). These processes are available to any officer and are the best way to handle complaints with a 20-year old evaluation system. We are not aware of any current "court challenges" underway involving the controlled OER system; although the media has reported several officers are prepared to seek court action.

In 1988, we implemented the Officer Evaluation System (OES), and it has served us well. The instances of irregularities are compliance problems, where evaluators did not follow internal Air Force rules. Corrective action for affected officers is underway. I focused on this matter quickly because a "perceived" problem with any system is a problem. General Fairfield's Review Group provided an independent look at the officer and enlisted evaluation systems. Their charter was to validate and/or update policies and processes with an ultimate goal of enhancing confidence and addressing perceptions/problems. We are now developing a comprehensive education and implementation plan for the Review Group's recommendations.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
22 FEB 95	HANSEN			HS-01-033	
HEARING DATE	TRANSCRIPT PAGE NO.	LINE NO.		INSERT NO.	

JPATS

UNCLASSIFIED

Mr. Hansen: I have been following with interest the joint Air Force/Navy program to replace our primary trainer aircraft. We cannot afford to delay this vital program if we are to assure that our American pilots continue to be the best trained in the world. JPATS is one of the few new aircraft programs that will enter production in the next several years, and will be in service for 40 or more years. It is very important program not only for our national security, but for US aircraft industry as well.

Given this high level of importance, I was pleased to learn Secretary's Perry's decision announced in December that the program would proceed unchanged. I am distressed to learn that the Air Force is now in the process of significantly reducing the quantities of the aircraft and the funding available for the program over the next five years. I would appreciate your comments on this issue. I am also interested to know just where JPATS fits into your priorities, and how the committee can be assured that the program will not be delayed in the future.

General Fogleman: JPATS is one of the Air Force's highest priority programs. The JPATS program was restructured in order to stay within the fiscal constraints under which we developed the FY96-97 DOD budget. The Department was forced to make some tough choices to produce a balanced investment program. Slowing the JPATS production rate helped us stay within fiscal constraints while slipping Full Operational Capability by only three years. The Air Force is committed to keeping JPATS on track toward this revised schedule and final buy quantity.

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HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. HANSEN	LINE NO.	INSERT NO. HS-01-034		

JPATS

UNCLASSIFIED

Mr. Hansen: It is my understanding that substantial program savings could be realized from a commercial type contract procedure, and that commercial type contracting is a priority within the DOD. Is not JPATS an ideal program for a full up commercial type contract? What specific steps have been taken to address Under Secretary of Defense Deutch's directions in this area, and what savings do you anticipate?

General Fogelman: JPATS is one of five DOD Pilot Programs. Since October 1991, when JPATS was first nominated as a Pilot Program, the Air Force has sought ways to ease industry's burden of doing business with the government. We have taken full advantage of streamlining opportunities offered by several initiatives including the Federal Acquisition Streamlining Act of 1994. We also asked for and received relief from a significant number of statutory and regulatory requirements. JPATS technical requirements are contained in a performance-based requirements document. The Request for Proposal maximized industry's flexibility to use commercial aircraft components and subsystems, and recommends the use of commercial practices. The January 1995 amendment to the JPATS Request for Proposal invites the use of additional commercial practices. Finally, we have reduced our own Air Force reporting requirements and the use of military standards and specifications where prudent. We are not able to estimate savings resulting from acquisition streamlining at this time.

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HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. HANSEN		LINE NO.		INSERT NO. HS-01-035	

JPATS

UNCLASSIFIED

Mr. Hansen: The JPATS decision is extremely important as it will select the trainer that every Air Force and Navy pilot will train in for the next 40 years. What will be the primary factors in the decision selection? Will past performance and best value be emphasized as well as price? How will they be evaluated?

General Fogelman: We intend to award the JPATS program to the contractor that offers the best value to the government, considering development risk and total system life cycle cost. Presently, each offerer's proposal is being evaluated against specific areas. These areas are, in descending order of importance: operational utility and technical capability; manufacturing and quality assurance; cost; logistics support; management capability; and schedule. We are also evaluating each offerer's past performance and ability to accomplish the JPATS program. When the source selection process is completed this summer, we can be certain that the government will receive the best value for each investment dollar spent.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. TIAHRT	LINE NO.		INSERT NO. HS-01-036	

## TANKER FLEET

UNCLASSIFIED

Mr. Tiahrt: General Fogleman, in January, Under Secretary of Defense, Comptroller, John Hamre testified before our committee that fiscal year 1996 will bring no reduction or degradation in flying hours for the venerable tanker fleet. In fact, the case has been made that aerial refueling tempo could even escalate in spite of force reductions within the tactical airwing structure of the Air Force. What is your opinion of the readiness and condition of our tanker our tanker fleet to meet this challenge?

General Fogleman: Our current tanker force is capable of meeting all currently known requirements. Until 1992, the majority of KC-135 aircraft were assigned to the Strategic Air Command with the primary mission of supporting the Single Integrated Operational Plan. As such, the aircraft have relatively low flying hours and have been well maintained. Additionally, many upgrades were made during the KC-135R model conversion program and upcoming reliability/maintainability improvements should extend the life of the fleet well into the next century.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. TIAHRT		LINE NO.		INSERT NO. HS-01-039	

## TACTICAL RECONNAISSANCE

UNCLASSIFIED

Mr. Tiahrt: General Fogleman, if the RC-135 is to be modernized, how important is re-engining in the priority of those upgrades to be performed?

General Fogleman: Modernizing the fleet in terms of both sensor capability and airframe life extension are critical to the continued success of the RC-135 fleet. The most immediate need is for additional RIVET JOINT airframes; however, re-engining is an important step in sustaining the RC-135 fleet. With no planned replacement for the RIVET JOINT airframe, life extension initiatives are a must.

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HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. TIAHRT		LINE NO.	INSERT NO. HS-01-041		

## REFUELING CAPABILITY

UNCLASSIFIED

Mr. Tiahrt: Given the emphasis on maintaining an even more viable aerial refueling capability, from a common logistics support point of view, alone, doesn't it make strong fiscal sense to continue to convert the remaining 118 older KC-135s in the inventory to the modern KC-135R configuration?

General Fogelman: The Air Force does not plan to re-engine the KC-135E fleet (147 Primary Assigned Aircraft in FY95). A 1991 Oklahoma City-Air Logistics Center study determined that it was not cost effective to re-engine KC-135Es. This study identified a 15-20 year payback on a \$24 million per aircraft investment. Currently, each R model re-engine kit costs \$25.8 million. Total cost to re-engine 147 aircraft is \$3.79 billion at a rate of 30 aircraft per year.

Tanker studies indicate that current force mix is adequate to meet tanker demand without further re-engining efforts. The Air Mobility Command 1995 Air Mobility Master Plan begins replacing the KC-135 as early as FY07. Further re-engining efforts will not pay for themselves until FY12-17.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER	
HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. HASTINGS		LINE NO.		INSERT NO. HS-01-042		

## AIRLIFT

UNCLASSIFIED

Mr. Hastings: Airlift is one area that we need to improve upon. I understand that the Air Force is looking into this question. The options are to purchase more than the planned 40 C-17s, or purchase a combination of C-17s and modified 747s. I understand that the Defense Acquisition Board (DAB) will be meeting in November to make a final decision on these issues. But I wanted to get your opinion. Would a decision to buy a mix of the two planes allow us to gain airlift capability more rapidly?

General Fogelman: Modernization of our strategic airlift fleet is a top near term priority, but we must ensure we buy the most cost effective mix of strategic airlift aircraft to meet our nation's airlift requirements and today there are simply too many unknowns. We still must complete C-17 cost and capabilities analysis based on flight test, Reliability, Maintainability, & Availability evaluation, and contractor performance after a two year probation period. In addition, the Air Force must complete a source selection to determine the cost and capability of potential non-developmental airlift aircraft (NDAA) competitors. To ensure we buy the right fleet of aircraft, we must avoid making a hasty decision now to procure less costly commercial transport aircraft to fill our capacity shortfall at the expense of limiting our future airlift fleet's capability to support CINC mobility requirements. However, we will have the information we need to make an informed decision in time to support the November Defense Acquisition Board (DAB). Also, it is important to emphasize that the 747 is not the only NDAA that will compete in the acquisition process. This March, we will release a final request for proposal to industry and it appears that we will receive proposals for new 747-400Fs, used 747-200s, new MD-11s, and used DC-10s. In addition, we have requested information from Lockheed concerning the C-5. So, there are several potential NDAA candidates.

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HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. HASTINGS	LINE NO.		INSERT NO. HS-01-043	

## AIRLIFT

UNCLASSIFIED

Mr. Hastings: What happens if we have a major conflict in 1998 or 1999? With only a small fleet of C-17s, and with a rapidly aging fleet of C-141s and C-130s, how will we meet our airlift needs?

General Fogelman: If we do experience a major conflict in 1998 or 1999, I am confident Air Mobility Command and Air Combat Command will possess sufficient force structure to meet our airlift requirements. Our current procurement rate of C-17s is the best balance possible between future airlift modernization needs and today's fiscal realities. Currently, our fully mobilized military airlift fleet without CRAF provides 31 million ton miles per day (MTM/D). If we continue the current C-17 procurement rate and retire C-141s as scheduled, our fully mobilized airlift fleet capacity without CRAF is still over 30 MTM/D in FY99. While this slight decline of MTM/D capacity is undesirable, it is not unacceptable as long as we maintain our currently planned procurement rate. We will reach our planned organic airlift capability and capacity early next decade.

Due to structural limitations and fiscal constraints, the Air Force will retire C-141s from the active duty in FY03 and from the Air National Guard and Reserves by FY06. Modifications, repair efforts, and programmed depot maintenance have been tailored to ensure the C-141 fleet will continue to fly reliably and safely until retirement. The C-130 fleet begins to reach its service life shortly after the turn of the century. We have started to modernize with a low rate acquisition of the C-130J in 1996. We have modification, repair, and procurement programs in place to ensure theater airlift requirements are met. There are no projections of theater airlift shortfalls for oversize or bulk cargo movement

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HEARING DATE 22 FEB 95	TRANSCRIPT PAGE NO. HASTINGS		LINE NO.		INSERT NO. HS-01-044			

## AIRLIFT

UNCLASSIFIED

Mr. Hastings: Some reports have suggested that there might be a significant difference in cost between these two aircraft. Can you outline the current cost estimate per unit of these two aircraft?

General Fogelman: A cost estimate for the C-17 can be provided as there is a reasonable basis for estimating the cost of the procurement program. However, a Non-Developmental Airlift Aircraft (NDAA) program allows for consideration of a broad range of aircraft, therefore a unit cost cannot be projected. It would come as no surprise that the C-17 would be more costly than a commercial-derivative aircraft on a per aircraft basis due to its ability to meet military unique requirements. The C-17 was designed to fulfill all user requirements, including direct delivery of outsize cargo to small austere airfields, brigade airdrop, and enhanced survivability.

The aircraft under consideration for the NDAA program include new and used 747s, new MD-11s, used DC-10s, and new C-5Ds. The price of both new and used aircraft will depend on the aircraft configuration/cargo capability offered and the annual and total quantities procured. Used aircraft may also require extensive refurbishment to provide acceptable service life. Therefore, potential NDAA aircraft have a very wide variance in basic aircraft cost. Specific NDAA cost will be available for the Defense Acquisition Board (DAB) integrated airlift decision in November 1995.

In terms of the C-17, the average flyaway cost for the remaining 80 aircraft, to reach the Air Force goal of 120 total, is approximately \$212 million in constant FY95 dollars. This estimate assumes a conservative level of cost reduction. The Air Force recognizes that affordability is critical to C-17 aircraft program continuation. To that end, the Department has undertaken the following initiatives to identify ways to reduce the production cost of the C-17 aircraft: (1) a Should Cost review in order to reduce the unit flyaway cost and establish the most probable price of future production aircraft; (2) evaluation and implementation of cost reduction initiatives to improve C-17 production efficiency and quality at a lower cost; (3) transitioning from a contract strategy where the Government and McDonnell Douglas share the risk of unanticipated cost increases to a firm fixed price contract strategy starting in FY96; and (4) initiation of a NDAA program as a possible alternative or supplement to the C-17, which also creates a competitive environment for negotiating the C-17 FY96 and beyond contracts. Our goal is to have these initiatives completed in time to provide a negotiated and contractually executable price of the C-17 for the November 1995 DAB.

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HOUSE SENATE	APPROPRIATIONS COMMITTEE	X	HOUSE SENATE	ARMED SERVICES COMMITTEE	HOUSE SENATE	OTHER
HEARING DATE: 22 FEB 96	TRANSCRIPT PAGE NO. HASTINGS		LINE NO.	MEET NO. HS-01-045		

## AIRLIFT

UNCLASSIFIED

Mr. Hastings: General Fogelman, obviously the C-17 has some advantages in battlefield situations, or in remote areas. Could a smaller fleet of C-17s--say 60 to 80--meet these types of needs? And could another type of freighter meet our other airlift needs at a lower cost?

General Fogelman: The C-17 is clearly the most capable airlifter for our needs. It possesses the military capabilities we need in our new core airlifter. Commercial freighters cannot fulfill the requirements for outsize and some oversize cargo, airdrop, air refueling and low altitude flying capability. The C-17 also provides greater flexibility than commercial aircraft in delivering cargo with its smaller size, better ground maneuverability, decreased runway length requirements, ability to effectively operate near an enemy threat, roll-on/roll-off capability, and little need for specialized equipment for onloading and offloading. Given these advantages, procuring 120 C-17s is the optimum solution to rapidly deploy forces anywhere in the world. To maximize capability within available funding, however, we are examining the cost and capabilities of fleets augmented by commercial or military non-developmental airlift aircraft. We will complete an exhaustive fleet mix analysis before the November DAB, recommending the most cost-effective fleet mix for various C-17 buys.

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HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION # 13

**Mrs. DeLauro:** What do the Reserves now use for heavy lift helicopters? If Congress elects to appropriate funds for reserve modernization this year, how would the CH-53E fit into the priorities?

**General Mundy:** The Reserves now use the RH-53D helicopter for heavy lift which are 20-year-old aircraft formerly used for minesweeping before the Navy replaced them with MH-53Es. These aircraft were called up and deployed for Desert Storm, and, although they performed well, they are lift limited to a medium vice heavy lift capability and are becoming increasingly difficult to support and maintain. Assuming that the 1995 funds to procure seven AH-1Ws are released to complete our present number one priority, the CH-53E will become the new number one procurement priority for Marine Corps Reserve Aviation, and the Corps would use any appropriated funds for reserve modernization to begin to replace the RH-53D helicopter with the CH-53E.

**HOUSE NATIONAL SECURITY COMMITTEE  
HEARING ON FY-96 DEFENSE POSTURE  
22 FEBRUARY 1995  
QUESTION FOR THE RECORD  
QUESTION # 14**

**Mrs. DeLauro:** Can you provide a summary of your Reserve heavy helicopter requirements and the dollars required to procure these aircraft?

**General Mundy:** The Marine Corps would like to transition two RH-53D squadrons to two 8-aircraft CH-53E squadrons. This is our only remaining active-reserve helicopter mirror image initiative. The approximate cost to complete this particular modernization effort is \$450 million (18 aircraft at \$25 million per aircraft). We have not yet been able to program dollars for this initiative due to fiscal constraints.

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON: POSTURE STATEMENTS**

**- 22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION NUMBER 15**

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**LCAC**

**Question:** How are the LCACs performing in the missions for which they were designed?

**Answer:** The LCAC support for amphibious operations has been superb. They are reliable, versatile and have opened up beaches to conduct amphibious landings that could not have been used by conventional landing craft.

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON: POSTURE STATEMENTS

- 22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION NUMBER 16

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**LCAC**

Question: What additional missions have you developed for the LCAC?

Answer: The primary mission of the LCAC is to transport, from ship-to-objective, weapons systems, equipment, cargo and personnel of the assault elements of the Marine Air/Ground Task Force. The Navy recently redesignated selected LCAC as Multi Mission Air Cushion Craft (MCAC) for mine countermeasures (MCM), lane breaching, personnel transport, and medevac missions.

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON: POSTURE STATEMENTS

22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION NUMBER 12

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**LCAC**

Question: Do you have sufficient quantities of LCACs to accomplish present and envisioned missions, or will we need to buy more?

Answer: The Marine Corps requirement for LCACs is 72 . The Navy has funded and contracted for 91 LCACs in order to fulfill Marine Corps and other Navy requirements.

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON: POSTURE STATEMENTS

- 22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION NUMBER 20

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**LPD 17**

Question: How many ships are planned for the LPD class?

Answer: The Navy plans to procure 12 LPD 17 Class ships.

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON: POSTURE STATEMENTS

22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION NUMBER 21

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**LPD 17**

Question: The Congressionally-required addition of ship self-defense systems to the LPD 17 class ship has added significant costs to this ship. Do you think the extra costs are worthwhile and balanced?

Answer: Although, the Marine Corps' primary concern is the lift capability of amphibious ships, the need for adequate ship self defense is recognized. It is prudent that every ship be capable of defending itself with a high probability of success against a modern threat.

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON: POSTURE STATEMENTS**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION NUMBER 22**

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**LPD 17**

**Question:** Because of the delay in the LPD 17 class, I understand that other older amphibious ships will have their service life extended. Is this cost effective?

**Answer:** In order for our amphibious recapitalization plan to succeed, some ships will be extended past their planned decommissioning date. The Marine Corps does not monitor ship operating and maintenance costs and defers this question to the Navy.

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON: POSTURE STATEMENTS**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION NUMBER 23**

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**LPD 17**

**Question:** How badly does the Marine Corps need the LPD 17 and how will the two year delay effect our capability:

**Answer:** The naval service, not just the Marine Corps, needs the LPD-17 class ships. The two year delay was fiscally driven and does not imply a lessening in our requirement for amphibious lift. In the interim, we will continue to rely on the aging LPD-4s.

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON CMC POSTURE STATEMENT**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION # 25**

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**Question:** Does the FY96 Budget Request for the National Defense Sealift fund provide sufficient funds to permit the exercise of options for two additional new construction ships?

**Answer:** Yes, sufficient funds are included in the Fy96 Budget Request under the National Defense Sealift fund ro exercise options on two new construction ships.

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON CMC POSTURE STATEMENT**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION # 26**

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**Question:** What is the planned timing of the exercise of these options?

**Answer:** I understand that the Navy has planned for the awards in the first quarter of FY96.

HOUSE NATIONAL SECURITY COMMITTEE

HEARING ON CMC POSTURE STATEMENT

22 FEBRUARY 1995

QUESTION FOR THE RECORD

QUESTION # 27

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**Question:** Is it still planned to award one option to Avondale of New Orleans and one option to NASSCO of San Diego?

**Answer:** The Navy has indicated to me that one option would go to Avondale and the other to NASSCO.

**HOUSE NATIONAL SECURITY COMMITTEE**

**HEARING ON CMC POSTURE STATEMENT**

**22 FEBRUARY 1995**

**QUESTION FOR THE RECORD**

**QUESTION # 29**

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**Question:** The mobility Requirements Study (MRS) called for the procurement of 19 large, medium speed Roll-on/Roll-off (LMSRs) sealift vessels. To date, the Navy has awarded contracts or options for 17 of the 19 ships. Is it true that the MRS bottom-up-review update (MRS BURU) confirmed the need for 19 LSMRs. If so, when and how do you plan on procuring the additional two ships?

**Answer.** Yes the MRS BURU confirmed the need for 19 LSMRs. Procuring the additional ships falls under the Navy's responsibility. I understand the contract award for the final two ships is projected to occur in FY99, with a delivery in FY01.

**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, U.S. CENTRAL COMMAND [CENTCOM]**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
*Washington, DC, Thursday, February 23, 1995.*

The committee met, pursuant to call at 9:30 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. The committee will please come to order.

This morning the committee will continue its review of the fiscal year 1996 defense budget request by holding the first of several hearings with the Theater Commanders in Chief, or CINC's, as we know them.

First in the lineup is General Peay of the U.S. Central Command who has the responsibility for the region comprising the Persian Gulf and significant portions of Southwest Asia. I think you have before you a map which would indicate his area of responsibility.

In August 1990 when Saddam Hussein's army rolled through Kuwait, the attention of the world was riveted on the Persian Gulf and on our military's response to Iraqi aggression.

Our witness this morning commanded one of the first United States' military units to arrive in Saudi Arabia. General Peay's 101st Air-Mobil Division, together with a small contingent of Army Airborne and Marine Light Infantry deployed as a thin line defense for Saudi Arabia.

They knew then and we know now that Saddam Hussein ordered his heavy forces to continue the attack. The 101st Division and other early United States Forces would have had a very difficult time in containing the Iraqis and their drive to the south.

Nearly 5 years later, General Peay, now commanding the U.S. Central Command appears here today to provide us an insight into what progress, if any, we have made in improving our military's ability to respond quickly with sufficient force to successfully fight and win a major regional contingency in the Central Command's area of responsibility.

There is no doubt that the Department of Defense and the Joint Staff know what needs to be done to implement Desert Storm's "lessons learned"; procure adequate sea lift and strategic airlift, provide for increased stocks of prepositioned equipment, develop and deploy a ballistic missile defense system, increase command,

control, communications and intelligence capabilities, and improve the ability of the countries in the region to defend themselves.

I support acting on these lessons learned. However, I am deeply concerned that the administration is not adequately resourcing the Department of Defense to meet CENTCOM's requirements to deter or defend against the next act of aggression with high confidence and low risk to those in uniform.

Much attention has been paid to Operation Vigilant Warrior, last fall's deployment of an Army brigade in response to Saddam Hussein's aggressive posturing against Kuwait. It was the development of just this brigade which led to unfortunate remarks by senior DOD officials that our forces were at an even higher state of readiness than in 1990.

I join in congratulating the responsiveness and professionalism of our troops. All that Vigilant Warrior actually demonstrated was that we could deploy a brigade-size force on short notice. This is great news as long as we confront only brigade-size conflicts in the future.

As we all know, our war fighting force requirements in CENTCOM greatly exceed just one brigade. Those requirements will not shrink giving the growing threat and volatility of this region.

The ability of the United States to provide the resources required by CENTCOM to meet both short- and long-term security challenges in the region is a useful yardstick against which to gauge the program. The United States military capability truly measures the United States national security requirements.

Unfortunately, the administration's defense program would seem to fall short. My fear and expectation, General Peay, is that sometime in the foreseeable future our forces are again likely to find themselves in a situation similar to the one you faced in 1990.

Given current trends in defense spending, I do not believe that the administration's long-range plan adequately answers the questions concerning when CENTCOM will have the airlift, the sealift and other force enhancements necessary to ensure that a future Desert Storm is raised as successfully as the last one.

General, again, I welcome you this morning and look forward to your testimony. Before we begin, I would like to recognize the ranking minority member, the distinguished gentleman, Mr. Dellums from California, for any remarks he would like to make.

**STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

**Mr. DELLUMS.** Thank you very much, Mr. Chairman.

General Peay, I join with the Chairman in welcoming you before the committee today.

Your remarks, as well as the remarks of the service Chiefs, the Chair of the Joint Chiefs of Staff, and the Secretary of Defense, whom we previously heard from, is very important to the committee as we continue our work in shaping policy and in dealing with the challenges of a changed and rapidly changing world.

I know it is difficult during periods of transition and change for you to make accurate estimates regarding the future impact of the

management efforts of others as they apply to CENTCOM, but I know you will be asked to do just that this morning.

I hope you can understand that we would be hard-put to responsibly discharge our national security obligations without hearing your thoughts about changes that affect our options and our place in the new world.

This morning we need to understand whether or not properly trained and equipped forces are being provided to CENTCOM today. We also need your sense as to whether or not the administration's current plans will provide for properly trained and equipped forces to CENTCOM in the future.

In addition, it is important to learn whether or not CENTCOM has been adversely impacted by the so-called anecdotal readiness incidents that are currently forming the defense debate.

Finally, I would appreciate any comments you might have on what, for lack of a better word, I would like to call political readiness; readiness beyond traditional military readiness as it applies to CENTCOM.

I was very interested in the Chair's characterization of Vigilant Warrior. I would hope that you would speak to that. I wonder how you saw it and is that the only contribution that you see it making?

With those brief remarks, Mr. Chairman, I would yield back the balance of my time and look forward eagerly to the testimony.

The CHAIRMAN. I thank the gentleman.

Before commencing, let me note that it would be our intention to work through the lunch hour in an effort to get through as much as we can. I intend to keep going until about 1:00 p.m. or 1:30 p.m. possibly in an effort to try to hear everyone we can this morning and the questions they might have.

Obviously, in our continuing effort to give everyone a chance to be heard, I would again call upon our colleagues to try to observe the 5-minute rule. That would include the answering, too, if we could. With 50 members, it is difficult for everyone to have a chance to ask a question if we do not strictly adhere to this rule.

I want to thank everyone in advance for helping us in this important area.

General Peay, without objection, your testimony, your written testimony, will be submitted for the record. You may proceed as you like.

#### **STATEMENT OF GEN. J.H. BINFORD PEAY III, COMMANDER IN CHIEF, U.S. CENTRAL COMMAND**

General PEAY. Good morning, Mr. Chairman and members of the committee.

I think that you know that our area of responsibility includes some 19 nations that stretch from the eastern part of Africa, northward to Egypt, across the central area of the Gulf and on into Afghanistan and Pakistan.

The Gulf area comprise 65 percent of the world's oil reserves. The United States of America imports some 12 percent from that location; Japan, 70 percent; and Europe, 30 percent. There are estimates that over the next decade those figures will grow by about 10 percent by each of those nations.

There are three major choke points in the area that have a lot to do with the maritime flow of that oil; 50 percent of the oil in that region transitions through those waters. During Desert Shield and Desert Storm, 95 percent of the equipment went through the Suez Canal into that region.

It is also the birthplace of three of our religions. I do not need to say what that means in terms of the tensions and where we go in the future in that regard.

It is a region of stark contrast. Any day there are 14 conflicts from borders, to islands, to other tension areas that are ongoing. There clearly is the concern for the proliferation of weapons of mass destruction.

There are threats between Iraq, Kuwait, and others in the Gulf. The long-term course, of course, is of Iran and its concern. There are conflicts daily on the borders between Pakistan and India. There is the whole business of the religious extremists and the exportation of that problem worldwide.

Many people do not know, but this morning there are three major operations that do not receive a lot of publicity that are ongoing. Operation Southern Watch, designed to keep Saddam from interfering with the Shiite in the southeastern part of his country.

It has been ongoing since 1992 with over 58,000 sorties flown; 38,000 over Iraq. Last night we flew 53 sorties into that country.

There are the Maritime Intercept Operations designed to support the sanctions of Iraq. They also participate as a corollary to helping in the Southern Watch Operation because of the sorties that come off of the carrier in the Gulf.

Since 1990, we had 10,000 boardings to enforce those sanctions. I must say that I find those increasingly more difficult and dangerous for our youngsters.

At times, they are fast roping down ropes on moving large vessels as they confront these various flags of foreign countries to turn them back into ports. You know that in October we responded to Vigilant Warrior.

Today we have, off the shore of Somalia, a rather large force that very shortly will participate in assisting the United Nations in the final withdrawal of the Bangladesh people and the Pakistanis from that particular country.

I think our mission is clear. It is to promote and protect the interest of our country. It is to ensure access to resources. It is to assist the friendly states in that region to provide for their own defense. It is to deter hostile states from using force for their own political gain.

We have tried to design a strategy in the theater that is seamless; the transitions from peace to war. We have built it on five pillars; forward presence, command exercises, security assistance, power projection from the United States, and the ability of our own Central Command readiness to deploy to war.

These pillars, hopefully over time, will assist in the growth of the three tier concept, so that the countries and the collective groupings of those countries can, over a longer period of time, provide for their own defense.

In support of this strategy, there are some enabling requirements that I would ask your help with; prepositioning so that in short

order we can get a division to shore; strategic lift; theater missile defense; the IMET business, the International Military Education and Training which leads to the democratization of the leaders and their relationship with us in later years, and the whole business of C4I improvements.

In conclusion, I would say that there are daunting challenges in my view in the decade ahead; Iraq, Iran, particularly Iran and its hegemonic ambitions in the Gulf, the business of proliferation of these weapons of mass destruction and the missile growth that we are starting to see in that regard.

The abatement problems; if we do not control India and Pakistan are just internal instability. These nations are very different cultures than ours; of course, the unknown that could take place such as famine and other kinds of natural disasters.

I think we should remain very resolute in our policy and in our approach to the region. I am very proud of the performance that our men and women are doing; many that are very far out on the point of the sphere in a very different land; some in harm's way.

I look forward very much to working with the committee and hopefully I can answer your questions. Thank you, sir.

[The prepared statement of General Peay follows:]

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HOUSE NATIONAL SECURITY COMMITTEE

STATEMENT OF

GENERAL J. H. BINFORD PEAY III  
COMMANDER IN CHIEF  
U. S. CENTRAL COMMAND

BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE

23 FEBRUARY 1995



FOR OFFICIAL USE ONLY  
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HOUSE NATIONAL SECURITY COMMITTEE

MEETING THE CHALLENGE IN THE CENTRAL REGION: AN ASSESSMENT OF U.S. CENTRAL COMMAND (USCENTCOM)

INTRODUCTION

In October 1994, Saddam Hussein again threatened the fragile stability in the Arabian Gulf. Iraq's build-up of forces along Kuwait's border exhibited a willingness and ability to threaten its neighbors and to jeopardize access to the oil that is the lifeblood of the industrialized world. The strong, rapid U.S. response during Operation VIGILANT WARRIOR demonstrated our military capability, likely averted another war in the Gulf, and highlighted the importance we attach to this vital and volatile region. Operation VIGILANT WARRIOR was a resounding success for several reasons. First, the decisive response of our National Command Authorities, backed by the overwhelming support of Congress and the American people, sent an unmistakable message of resolve. Second, the superb performance of our trained and ready forces, both forward deployed and moving on short notice from the U.S. or standing alert, provided a clear and convincing demonstration of America's military power. Finally, it validated the importance and criticality of the enhancements to our forward presence posture and the increase in prepositioned equipment in the Gulf region since DESERT STORM.

At the onset of the crisis, USCENTCOM relied on forward deployed Navy and Air Force units, Marines, Special Operations Forces and Patriot missile batteries, along with regional and allied forces, to make clear our resolve to defend against Iraqi aggression. Within days, these forces were joined by the aircraft carrier USS GEORGE WASHINGTON, additional cruise missile ships, reinforcing Air Force squadrons, and two Army brigades. Meanwhile additional U.S. forces were deploying or standing by for further orders. This vivid demonstration of American military capability and resolve in the face of a very real Iraqi threat forced Saddam Hussein to back down and defused the crisis. Perhaps equally important, U.S. resolve and our rapid and decisive response to a threat in the Central Region sent a clear message to other potential aggressors who might be tempted to challenge U.S. interests.

Today our forward deployed forces are actively engaged in the execution of U.S. policy throughout the Central Region. In the North Arabian Gulf, Maritime Intercept Operations (MIO) enforce UN sanctions prohibiting certain trade with Iraq. In 1994 our ships conducted the vast majority of MIO boardings, which have now totaled nearly 10,000 since the operation began in 1990. Also in the Gulf region, Operation SOUTHERN WATCH aircraft have flown over 58,000 sorties, 38,000 of them over Iraq since the creation of that task force in 1992. Finally, we currently

have over 4,000 personnel participating in Operation UNITED SHIELD in support of the withdrawal of UN forces from Somalia.

Despite our success during Operation VIGILANT WARRIOR and these other ongoing operations, numerous threats to regional stability remain. The traditional Persian/Arabic rivalry for dominance in the Gulf region continues between Iran and Iraq as they vie for influence with their neighbors. Population growth and worsening oil-based economies will lead many nations to greater reliance on outside assistance, despite the vulnerability to influence and manipulation that it brings. Famine in Africa will likely again require massive international efforts to curtail widespread starvation. Tensions over water rights and disputed borders will also continue. However, the single greatest threat to stability in the region is proliferation of weapons of mass destruction, and the associated spread of ballistic missile technology.

#### KEY REQUIREMENTS

Pivotal to USCENTCOM's ability to respond to these regional threats has been your support for several key programs. Some of the most critical ones that require your continued support are highlighted here. They include: (1) prepositioning, (2) strategic lift, (3) theater missile defense, (4) International

Military Education and Training (IMET) and foreign military financing, and (5) improvements in command, control, communications, computers, and intelligence (C<sup>I</sup>I) infrastructure.

Prepositioning

Foremost among the programs critical to our mission is the prepositioning of equipment in the region which allows us to quickly link up personnel with equipment in theater. Having completed the fielding of a brigade set of equipment in Kuwait, we must now press forward to establish a second brigade set with a division base in Southwest Asia. This second set of equipment will dramatically increase our military capability in the region, adding flexibility and the requisite firepower and command and control in the early phases of a military operation. We need your support for the MILCON to house this equipment. Similarly, we should continue to pursue the prepositioning of a third set of equipment in the region, which will provide us with a heavy division's worth of equipment prepositioned forward. This presence will serve as a clear signal of American resolve to contain potential adversaries and will greatly enhance our warfighting capability. Land basing promotes access, stability, and coalition solidarity in the region.

Strategic Lift

Of comparable importance, strategic lift is essential to the successful implementation of our strategy. It is the critical lifeline for the Central Command, and vital to the success of our operations. At over 7,000 air miles and 8,000 sea miles, the extraordinary distances from the U.S. amplify the immense difficulties of moving a force in response to a regional crisis or contingency. As has again been demonstrated during recent operations in the Gulf region and in Somalia, strategic lift must remain a high priority.

Operation VIGILANT WARRIOR saw the first operational use of both the C-17 and the Army Prepositioning Afloat, and both programs met our expectations. Your continued support of the C-17, Fast Sealift Ships, and the RO/RO upgrade to the Army prepositioned equipment afloat is vital to our ability to close forces quickly in the theater. Although not tested during VIGILANT WARRIOR, our Ready Reserve Fleet must not be allowed to slip back into the questionable readiness posture of the pre-DESERT SHIELD/DESERT STORM days.

Theater Missile Defense

The continued proliferation of ballistic missiles and weapons of mass destruction, combined with the relative ease with which potential adversaries can enhance armaments through purchases of "off-the shelf" technology, calls for enhanced theater missile defenses and space-based capabilities that will protect U.S. forces, support our strategy, and facilitate warfighting. The priority over the next ten years should be to establish a multi-layered missile defense founded on the lower-tier Patriot Advanced Capability III, with a variant for naval defense; upper-tier Theater High Altitude Area Defense (THAAD); and highly mobile point defense Corps SAM (Surface-to-Air Missile) to protect ground forces maneuvering rapidly over extended distances. We must also devote resources to detecting unmanned aerial vehicles as well as cruise and short range missiles; to enriching the missile tracking capability of our satellite program to provide rapid, highly accurate flight data on enemy missile launches; to expanding our acquisition of theater-based capabilities to directly downlink satellite data for intelligence and rapidly transmitting it to subordinate units; to broadening our satellite communications architecture to ensure that it meets future demands; and to fielding interoperable systems that support joint and combined operations. Your support for these initiatives is essential to their achievement.

International Military Education & Training and Foreign Military Financing

Over the years, the United States has profited greatly from investments made in the International Military Education and Training (IMET) program and Foreign Military Financing (FMF). Both of these activities have provided the U.S. government opportunities throughout the world and in particular within the Central Region to assist in the development of foreign militaries, gain access, deter conflict, and promote stability and democratic ideals. Both of these programs have suffered from reduced funding over the last few years. We strongly encourage a reconsideration of these programs and increasing funds to assist our friends, enhance access, facilitate implementation of our theater strategy and realize U.S. goals for the region. By promoting respect for human rights, civilian control of the military, and democratic ideals, while enhancing self-defense capabilities, we decrease the chances of a conflict today and tomorrow that might result in the commitment of U.S. forces abroad.

Improvements in Command, Control, Communications, Computers, and Intelligence (C<sup>4</sup>I) Infrastructure

The limited infrastructure in the USCENTCOM area of responsibility, combined with the fact that our headquarters is

located in the Continental U.S., create significant C'I challenges. Our C'I systems and architecture must allow us to effectively gather, process, distribute and display information at all decision making levels, whether we are providing command and control for a Joint Task Force from CONUS or fully deployed for a Major Regional Contingency. The timely delivery of high quality, pertinent intelligence to the commander in the field is key to military success.

Robust satellite systems for communications, intelligence, warning, positioning, and meteorology are essential to our success. In addition, technological advances are allowing us to make great strides in interoperability and corresponding joint effectiveness. Interoperability and joint system use have improved, and support from the national intelligence community remains essential to providing correlated, accurate intelligence from all sources to build assessments about regional activities. Several key systems are being implemented and your support is needed to provide sufficient funding to complete their implementation in a timely manner. Key examples are the Joint Deployable Intelligence Support System (JDISS), the Joint Worldwide Intelligence Communications System (JWICS), and the Global Command and Control System (GCCS). All of these replace and integrate the functionality of multiple stovepipe systems into standard DoD wide capabilities.

Finally, it is essential that the USCENTCOM Joint Intelligence Center's budget request for FY96 and FY97 be fully supported for us to meet the full range of intelligence requirements for warfighting and the overall DoD Intelligence Production Program.

#### THE U.S. CENTRAL COMMAND

On the strength of these programs and others, United States Central Command is ready to defend America's interests in the Central Region today and is looking forward into the 21st Century. We are guided in the performance of our mission by the following "vision" for the future:

U.S. Central Command: A flexible and versatile command into the 21st Century . . . Trained, positioned, and ready to defend the nation's vital interests, promote peace and stability, deter conflict, and conduct operations spanning the conflict continuum; and prepared to wage unrelenting, simultaneous joint and combined operations to achieve decisive victory in war.

To achieve this vision, U.S. Central Command has developed a theater strategy that relies on a combination of overseas presence, U.S. power projection capability, and carefully cultivated regional relationships. Our continued success in this effort requires patient, long-term national dedication to the defense initiatives and commitments that we have undertaken over the past several years.

REGIONAL OVERVIEW

The nineteen nations of the Middle East, northeast Africa and South Asia that make up the U.S. Central Command area of responsibility cover a vast geographic area. Larger than the continental United States, it stretches from Egypt and East Africa, through the Arabian Peninsula to Pakistan, and includes the waters of the Red Sea, Gulf of Aden, Gulf of Oman, and Arabian Gulf.

It is a region rich in culture and history, home to the birthplace of civilization, 427 million people making up seventeen different ethnic groups, 420 major tribal groupings, six major languages with hundreds of dialects, and the birthplace of three of the world's major religions.

It is a region that has suffered repeatedly from natural disasters, political upheaval, and war, and a region of stark contrasts. These include wealth and poverty, stability and unrest, some of the world's highest mountains and greatest rivers along with some of the world's most barren deserts.

It is a region that, owing to its key maritime routes and abundance of oil, is of vital interest to our nation and to the international community. Nearly two-thirds of the world's proven

oil reserves are located in the region, with worldwide economic significance.

It is a region where disputes over borders and unequal distribution of resources, particularly water and oil, can explode suddenly into conflict.

It is a region where an arms race in weapons of mass destruction and an assortment of different types of ballistic missiles threatens to intensify old animosities, fears and hatreds among traditional rivals. Proliferation of such weapons represents a significant peril that could threaten U.S. and allied military forces, undermine regional and international resolve to confront belligerents, and unhinge the U.S. regional strategy.

It is a region where securing our nation's vital interests is complicated by lines of communications extending 7000 miles between the continental United States and the Gulf; Iraq's ability to threaten Kuwait within hours; Iran's ability to intimidate its neighbors with its growing air, naval and missile forces; the lack of formal treaty alliances; the requirement to balance U.S. and allied military requirements with cultural and political sensitivities of regional states; and the need to be able to fight, maintain, and communicate in rugged terrain and harsh climate.

These regional dynamics and threats require United States Central Command to adopt a theater strategy that capitalizes on the social, political, economic, and military elements of our national power.

#### USCENTCOM STRATEGY

The National Security Strategy (NSS), National Military Strategy (NMS), and Joint Strategic Capabilities Plan (JSCP), identify key U.S. interests and Central Command's tasks, and provide a basis for our theater strategy. In keeping with these guidelines, U.S. Central Command focuses on promoting regional stability by reassuring its friends, deterring conflict, and maintaining readiness to fight and win. These concepts are imbedded in our mission:

- Promote and protect U.S. interests
- Ensure uninterrupted access to regional resources
- Assist friendly states in providing for their own security and contributing to collective defense; and
- Deter attempts by hostile regional states to achieve geo-political gains by threat or use of force

To overcome the many security challenges of the Central Region, we endeavor to establish conditions in peacetime that

promote stability, deter conflict, and provide the mechanisms for prevailing in combat operations, if necessary.

The success of diplomatic and military activities in the region requires actions that stress U.S. partnerships with regional states and coalition building. One of our nation's great success stories over the last decade is the durability and depth of the relationships and friendships that our military leaders have forged with their regional counterparts. These relationships support achievement of strategic ends, facilitate implementation of our theater strategy, and provide access to the region.

Achieving these partnerships and building coalitions is made possible by a long-term and flexible, three-tiered approach to deterring aggression. Tier I calls for each country to bear primary responsibility for its own self-defense. Next, if aggression occurs, friendly regional states should provide a collective defense known as Tier II. Under Tier III, the U.S. and other allies from outside the region stand ready to form a coalition to defend common interests in the region, if necessary.

This concept underlies a theater strategy supported by five pillars. These include: (1) forward presence; (2) combined exercises; (3) security assistance; (4) power projection capability from the U.S.; and (5) readiness to fight. Taken

together, these five pillars and their inter-relationships describe the major activities that this Command pursues to accomplish assigned missions.

The first three pillars - forward presence, combined exercises, and security assistance - comprise the overseas presence portion of our strategy and facilitate our continued engagement in the region.

Forward presence demonstrates U.S. commitment, strengthens deterrence, and facilitates transition from peace to war. Naval forces are critical to our long-term forward presence because of their flexible offshore stationing. As a result of the Gulf War, and more recently our resolve demonstrated in Operation VIGILANT WARRIOR, presence ashore has been expanded. Air forces remain deployed in the region to deter aggression and to enforce UN resolutions under Operation SOUTHERN WATCH. Patriot air defense batteries and Special Operations Forces (SOF) and other Marine and Army forces conducting frequent exercises add to our presence. Based on our VIGILANT WARRIOR experience, prepositioned equipment and supplies for heavy armored forces, and supporting military construction, have become increasingly important elements of our forward presence. These stocks reduce the strategic lift demands inherent in deploying significant combat forces and improve responsiveness to our forces in the region.

The carrier battle group (CVBG) and the amphibious ready group (ARG) with its Marine Expeditionary Unit (MEU) have continued to be the mainstay of naval operations in the Central Region throughout the year. Inclusion of attack submarines in deploying CVBGs provides an added dimension of strategic capability through monitoring and protecting sea lines of communication and enhancing strike capability with an increased presence of Tomahawk Land Attack Missiles (TLAMs). Because of their limited footprint, strategic agility, calculated ambiguity of intent, and major strategic and operational deterrent capability, naval forces are invaluable. Naval operations this year have included enforcement of United Nations Security Council Resolutions, support for Somalia operations, and Operation VIGILANT WARRIOR. Our ability to rapidly move these forces in 1993 and again in 1994 from the Mediterranean Sea and the Arabian Gulf to positions off the coast of Somalia and Kuwait demonstrates extraordinary utility and versatility.

Providing support for UN sanctions against Iraq, operations in Somalia, and 37 joint and combined exercises, the CVBG, in particular, has been an unmistakable sign of U.S. commitment and resolve in the Central Region. The ARG/MEU's immediate response to Iraq's hostile posture in October 1994, complemented by the rapid deployment of Army forces falling in on prepositioned equipment in Kuwait and the Air Forces in the region, capitalized on the synergism of joint operations and placed a combined arms

team forward that effectively deterred Saddam from further aggression.

Air operations over southern Iraq are conducted by Joint Task Force Southwest Asia (JTF-SWA), consisting of over 100 U.S. aircraft along with a smaller number of allied, aircraft. Since commencing operations in August 1992, JTF-SWA has flown close to 60,000 sorties, nearly two-thirds of them over Iraq. With its carefully selected mix of reconnaissance, air-to-air, air-to-ground, and support aircraft, this force enhances regional defensive capabilities, facilitates rapid build-up of U.S. combat naval and air power during crisis, and is capable of inflicting significant damage on enemy forces in the first hours of hostilities. Furthermore, air operations involving regional forces strengthen relations with regional friends. All of these benefits of forward positioned air forces were demonstrated in Operation VIGILANT WARRIOR, where presence facilitated rapid reinforcement and signaled Iraq and other would be aggressors that the U.S. was capable of unleashing punishing attacks against its foes. We are convinced that forward positioning of U.S. air and other forces provides a valuable deterrent to aggression in the region.

More limited in scope than our daily sea and air operations, ground operations are, nonetheless, an essential dimension of our overseas presence. Deterrence of potential adversaries requires

that we maintain a credible capability to defeat ground offensives. This can only be obtained by synchronizing joint and combined air, sea, space, and ground operations. The positioning of Patriot batteries in the region emplaces a credible defense against enemy ballistic missiles. An interim measure, these systems may eventually be withdrawn as regional countries field their own weapons. Additional forward ground presence is afforded by frequent exercises by Army and Marine forces, complemented by other activities by Special Operations Forces (SOF).

Significant is the prepositioning of heavy Army equipment in theater. In particular, the brigade set in Kuwait, combined with a robust exercise program, allows us to readily close into the theater a lethal forward positioned combat force early during a crisis. In this fashion, we establish conditions conducive to blunting an attack and creating conditions to seize the initiative. As mentioned previously, we are moving forward with plans to augment this capability by constructing facilities for a second brigade set of Army equipment in Southwest Asia and are examining the possibility of placing a third set elsewhere in the area. Collectively, this would place a full Army division on the ground in short order; this enhanced ground combat capability will ensure U.S. military flexibility, enabling us to promote stability in the region and reduce risks during crises.

Our prepositioning program also includes Air Force and Navy equipment stored throughout the region. During the last three years, great progress has been made in concluding Defense Cooperation Agreements (DCA's) and in establishing storage sites for Air Force bare base sets (Harvest Falcon), Navy forward logistic sets, water and fuel distribution equipment, medical supplies and infrastructure, support vehicles and equipment, and rations. Stockpiling this material reduces strategic lift requirements, decreases deployment times, and provides critical sustainment early during the force build-up.

Success in all of these endeavors requires your support and consistent, patient, long-term negotiations in order to achieve the proper blend of U.S. and host-nation commitment and responsibility sharing to minimize U.S. costs.

The benefits of forward presence are complemented by our second pillar, combined exercises. Involving all of the Services, this effort offers over 100 joint and combined exercise opportunities annually, to include numerous naval and special operations exercises, BRIGHT STAR in Egypt, the INTRINSIC ACTION in Kuwait, and the ULTIMATE RESOLVE series of exercises. Through such activities, we maintain access, advance interoperability with regional partners, enhance forward presence, and improve the individual and collective military capabilities of the GCC states. Over the last few years, we have witnessed measured

progress in the ground force capabilities of our regional partners, and even greater improvement in their air, naval, and special operations capabilities.

We expect to see continued operational improvement over the long term as regional military leaders modernize their forces and gain more experience working with the U.S. and with one another. Continued improvement will allow more rigorous and demanding trilateral and multilateral command post and field exercises --- all focused on raising the proficiency of participants to operate collectively to secure common defensive goals. Throughout the AOR, combined exercises are the mechanism for providing U.S. forces valuable training in this distinctly different environment, assisting friendly states in satisfying legitimate defense needs, and increasing U.S. access to the region.

Our third pillar, security assistance, provides an additional means of improving defense capability of regional friends, training regional military forces, promoting interoperability, gaining access, strengthening military to military relationships, and increasing over time the ability of states to provide for individual and collective defense. It includes four major elements: foreign military sales, foreign military financing, IMET, and mobile training and technical assistance field teams. Such activities support our aim of

building regional defensive arrangements while providing a degree of U.S. control over arms transfers.

Since 1990, foreign military sales (FMS) in the Central Region have accounted for a large portion of total U.S. military sales abroad. Through FMS, regional friends purchase a wide assortment of military equipment, training, maintenance, and follow-on logistic support. A portion of FMS is dedicated to military construction that supports our forward presence and allows rapid reinforcement. The security assistance program is reinforced by the more limited foreign military financing programs that provide grants to regional states. Past benefits of military funding in assisting foreign friends and maintaining access justify its cost and demonstrate the importance of continued support. Both military sales and military funding promote interoperability and regional self-defense.

To enhance the warfighting capability of regional partners, we should continue to modernize their forces. Effective employment of new equipment is achieved through training teams and IMET initiatives. Through more than 680 personnel deployed in the region on training teams, we are able to increase technical and tactical proficiency of regional military forces and their leaders. Such teams provide an ancillary service of strengthening regional friendships and bolstering our forward presence. Our efforts in this area are reinforced by the

International Military Education and Training (IMET) program that educates regional military leaders in U.S. military institutions. Through this effort, we improve the military capabilities of foreign military leaders, increase trust and friendships with regional states, and help familiarize foreign military and civilian leaders with America's military and its democratic values and culture. Key points stressed in this training include civilian control of the military, preservation of human rights, and the workings of democratic institutions. There are enormous long-term benefits for our own country as a result of this education and formulation of ideals and relationships.

Taken together, these three pillars allow the U.S. to maintain a visible presence in the region and respond to crises spanning the spectrum of conflict. In the event of a crisis, forces and equipment forward deployed in the region become the foundation for executing flexible deterrent options (FDOs) which hopefully are successful in resolving the crisis, and if not, serve as the vanguard for follow-on forces.

The fourth pillar of our theater strategy, power projection, defines activities and qualities of U.S. military forces that support rapid projection of forces from the U.S. into the Central Region and preparation of those forces for combat operations. Within this context, U.S. Central Command is keenly interested in the Air Force's C-17 program, the Navy's Fast Sealift Ships and

Ready Reserve Force, the Army's brigade set of equipment afloat (currently 12 ships), and the Marine Corps' Maritime Prepositioning Force (MPF). This latter force includes three Maritime Prepositioning Squadrons (MPS), each able to support a Marine Expeditionary Force (Forward) of nearly 15,000 personnel with supplies and equipment for 30 days. Similarly, the Command can rely on the Air Force's four logistic ships, carrying supplies and ammunition. With these capabilities, USCENTCOM can fly a heavy Army brigade's personnel to link up with equipment stored in Kuwait, and additional forces to link up with Army and Marine equipment arriving aboard prepositioning ships.

To sustain all of our forces in theater, the Command supports advances in the full range of power projection logistics and will exercise these activities frequently in the year ahead. Initiatives include gaining access to and exercising air bases and ports worldwide that will facilitate deployment of forces to the Central Region, procuring automation that ensures asset visibility providing real-time location of in-transit equipment, and enhancing port-opening equipment robustness. To ensure that all of these activities are properly sequenced and priorities established, Central Command is continuing to refine plans, review force deployment requirements, and clarify movement priorities.

The requisite command, control, communications, computers, and intelligence (C'I) infrastructure that is needed to carry out assigned military tasks allows U.S. Central Command to execute a full range of FDOs to preclude hostilities. It also enables us to limit conflicts when they occur, and conduct decisive combat operations if required.

The fifth and final pillar of our theater strategy, readiness to fight, stresses activities that ensure that the Central Command headquarters and individual Component Commands possess standard operating procedures that facilitate rapid deployment during crises, for conducting synchronized joint and combined operations, and waging high tempo warfare. To ensure readiness, we are constantly engaged in reviewing and refining our war and contingency plans. In addition, we conduct warfighting conferences with Component Commanders and their staffs, perform joint and combined training, and conduct command post and other exercises to maintain enhanced levels of readiness.

Also critical to our readiness to fight is the vital contribution made by the Reserve Component of our Armed Forces. Reserves complement active duty forces by bringing important capabilities that facilitate early access and continued sustainment. Individual Mobilization Augmentees (IMA), air guard

crewmembers and others perform key functions in staff operations, airlift, port openings, civil affairs and many other areas.

Continued support for professional military education (PME), both joint and Service, lays the groundwork for an officer corps which can think creatively, reason critically, and act decisively in the face of ambiguity and uncertainty. Our nation's PME institutions make direct and enduring contributions to the professional competence of our rising military leaders and deserve our strong support in the coming years. We cannot afford to reduce the quality of PME at a time when its fruits are in highest demand.

Through the five pillars of our theater strategy, U.S. Central Command promotes regional stability, maintains access, and deters aggression. We also establish the military conditions required to limit the intensity of conflict should deterrence fail, and finally, to fight and win when required. Activities undertaken in the five pillars position this command to transition smoothly and seamlessly from peace to war.

THE WARFIGHT IN THE CENTRAL REGION

As we deal with the demanding peacetime requirements in the Central Region, we must remain focused on the fundamental purpose of our military forces: To fight and win our nation's wars. If deterrence fails, USCENTCOM must be able to conduct combat operations spanning the conflict continuum, from humanitarian assistance to high intensity war, against a full range of potential military adversaries, to include insurgents, terrorists, mechanized ground formations, air and naval forces, and ballistic missiles and weapons of mass destruction. While we recognize that each form of conflict and type of adversary calls for an appropriately tailored response, we need to address the major threat to this nation's vital interests: high-intensity war in the Central Region.

In this context, capitalizing on U.S. advantages in technology, weapons, leadership, and quality people reduces risks to U.S. and coalition forces and minimizes friendly casualties. Our military forces take advantage of the complementary capabilities found within each of the Services to advance across great distances; strike at enemy weaknesses; launch unrelenting precision deep strikes against the enemy's military, industrial, and information infrastructure; conduct continuous, all-weather joint and combined operations; and simultaneously assault tactical, operational, and strategic objectives. The speed,

precision and flexibility associated with such operations require commanders to exploit the advantages of the entire battle space, maximizing the benefits derived from each Service.

U.S. Central Command's war and contingency plans and standard operating procedures build on the Command's peacetime activities to address the exigencies associated with single and dual major regional contingencies as well as military operations at the lower end of the spectrum. Using peacetime partnerships and regional access as a foundation, we are prepared to forge coalitions and integrate U.S. and friendly military capabilities to confront regional aggressors. As tensions heighten, we rely on the three-tiered defensive structure established in peacetime to elicit regional support for coalition activity and create the military structures needed to defeat adversaries.

Our war plans envision employing U.S. and coalition forces in concert to safeguard U.S. and allied interests. Given ambiguous early warning and early deployment decisions, U.S. military forces would undertake a series of flexible deterrent options in concert with regional partners to send a clear signal of resolve to hostile powers. If these measures prove inadequate, the U.S., with coalition support, would continue to deploy air, sea, and ground forces to defend against attackers. If such actions fail to blunt enemy action, the U.S. would deploy

additional forces and launch a joint and combined offensive to quickly overwhelm the enemy and restore regional stability.

#### CONCLUSION

For years the United States has been successful in securing its vital interests in the Central Region and in progressing toward realization of long-term regional aims. We should honor the superb work of U.S. personnel who have performed a great service by forging close relations with regional friends, negotiating basing agreements and host-nation support for our operations, and putting in place the structure of our theater strategy. We should take particular pride in the work of military men and women who have toiled long hours, often under difficult conditions, to improve the capabilities of our friends, bring famine relief and security to Somalis, carry out maritime intercept operations in support of UN sanctions against Iraq, fly air operations as part of SOUTHERN WATCH, and so ably defend our nation's interests in this complex region. Continuing in their fine tradition with a smaller force will require us to recruit and retain only the top quality personnel, making your support for professional military education and quality of life initiatives an invaluable contribution to maintaining our high standards of professionalism.

Threats to America's vital interests in the region represent a grave challenge for our nation now and for the foreseeable future. To meet these demands, U.S. Central Command employs a long-term strategy and undertakes daily activities that send a clear signal to friends and foe alike that we are resolute in confronting threats to regional stability.

We at U.S. Central command are committed to meeting the challenges of preserving U.S. interests in this challenging and vital portion of the world. We look forward to working with the military Services, Department of Defense and members of Congress in the coming months to realize our nation's goals in the Central Region.

The CHAIRMAN. Thank you, General. Let's go straight to our ranking member. I will forego any questions that I have at this time.

Mr. DELLUMS. Mr. Chairman, I would like to get a number of other junior members engaged early on. So, I will reserve my time for the present.

The CHAIRMAN. Mr. Hunter.

Mr. HUNTER. Mr. Chairman, likewise. I talked a lot yesterday and asked lengthy questions. I would be happy to pass and maybe come back on a second round.

The CHAIRMAN. Mr. Skelton.

Mr. SKELTON. Falling in the category of a junior member—a little bird on my right said you are actually.

I have gone over your opening statement, General. I find it very full and complete. Your discussion of prepositioning, sea lift, theater ballistic defense, IMET and control communications, et cetera are very important.

Thank you for them. I have two questions. One, without getting into any classification, could you expand on the India-Pakistan conflict? I had a briefing on this recently. I think a lot of us are not familiar with that. There may be some classifications you cannot touch on. We appreciate that.

Also, on the theater missile defense; we have had an interesting discussion on that in this committee. Tell us your needs on those too. Thank you.

General PEAY. Sir, on the first question of India-Pakistan, as you know the tensions go back a long time. There is a border that exists between those countries today of some length. That frankly was a cease-fire border where troops just stopped in place.

Over the years that demarcation line has changed to where at some northern points, that I have visited, you have soldiers from the two countries at 10 meters apart. As you get further down south you find that those distances stretch outward from 1,200 to 2,000 meters.

There is constant shooting that goes on back and forth across those borders. There are a number of very tough acts involving the civilian populous that both sides play against each other.

The challenge is one of trust. The challenge for India of course is that it claims it has to deal with China and its growth to its east and therefore must maintain a high order of forces and a readiness and growth of forces.

Pakistan obviously plays into the audience in Central Command to a degree. It claims that they have to grow their force to offset the growth of India. At the same time, Pakistan, through legislation here in our own country is stymied and the ability to increase its readiness through the congressional amendments is not there.

That is the language that you get between the two. I have not visited India. I have visited Pakistan. India, as you know, is in the CENTPAC's area. I will visit that country though before next summer to get a balanced view of their approach.

There is no question, I think it is in the public domain of the nuclear status; where they fall in the time lines in those two countries. Of course, with the growth of missiles, then we increase the tension, not only between those two countries, but in the region.

On the Pakistan side, we have a very, very firm relationships with their military leadership. I have met with Prime Minister Bhutto. I can tell you that General Waheed has a democratic approach to his outlook. There is no question at times that he is under pressure from some of his generals.

I think perhaps that is about as far as I should go, sir, in open session.

On the second question, in regard to the missile proliferation, there are 13 countries I believe in our region today of the 19 that have a ballistic or a cruise missile kind of capability. There are eight that have ballistic missile capability.

Each of those technically bring a different dimension to the battlefield in terms of how you offset that. I think most of you know that. We have got concerns for the belligerent ability, the non-sophisticated, I guess you could say, ability to grow this technology and the ability then to use it.

The nuclear piece of it has been in the papers. I think it was estimated that Iran may be in the 7- to 10-year period. I cannot go too far with this. There certainly have been indications of the movement of professors and other intellectuals, that have great knowledge in this area, into the region.

My judgment is that, that time line perhaps could shorten as we go out through the years. I do not know any cheap way or any silver bullet to get at this problem. I think it has to be attacked in a multifaceted way.

Clearly because of the dollars involved in offsetting this, I think that the first approach with vigor needs to be the whole diplomatic approach and the negotiation approach to see if we cannot start to constrain it.

After that, it is the normal kinds of things. It is dollars for vaccines. It is dollars for protective clothing; dollars for research in this area. Then I think it is a multilayered missile defense that gets at the early introduction of forces through something perhaps off carriers, or cruisers, an aegis kind of an upper tier thing that protects our ports.

There needs to be a layered concept that gets out to protecting troops that are outward at 400 and 500 miles off of these ports that are subject to incoming missiles. Also, so that there is an autonomous defense that handles the fog of war when communications breakdown and things just do not always go as planned. Again, I do not think, sir, one silver bullet. I think the entire problem has got to be worked multidimensional as we go out.

The CHAIRMAN. I thank the Gentleman.

Mr. Saxton.

Mr. SAXTON. Thank you, Mr. Chairman.

General Peay, I am very happy that you are here today. Knowing something of your record, I am also very happy that you are in command in the Middle East. It gives one a feeling of security to know that someone such as yourself is there.

Let me ask you two questions which you alluded to several times in your opening statement. No one knows better than you the importance of moving into a situation like we faced in the Gulf quickly.

No one knows better than you the dangers that are inherent in not being able to move in quickly. We are facing some decisions later this year about lift. In this committee, we will face decisions about airlift.

I understand that perhaps we will be facing some decisions elsewhere that have to do with the commercial sea lift that we used during the Gulf war.

I guess I will try to be as specific as I can with regard to the first part of that and that is, of course, airlift. The question I guess is in two parts.

If you had your druthers and you did not have to worry about money, which we do, given the options that are available to us to choose from in terms of rebuilding our lift, what would you suggest that we do to get our troops and their equipment into the theater as quickly as possible?

Second, if you did have to worry about dollars, as we do, would you change those suggestions to us in any way?

Third, if you are familiar with the Federal Maritime Commission and the ramifications of not reauthorizing it on sea lift, do you face problems there? In other words, if as they say they might, our commercial carriers go offshore so that we no longer have the commercial sea lift to call on in time of need, does that cause a concern in your mind?

General PEAY. Let me take the later question first, if I may. I do not know a lot about the entire maritime business. In Desert Shield and in Desert Storm we transported large equipment by foreign flag.

I would guess, sir, it depends on what the contracting criteria is that ensures the standards so that we do not have what we had in Desert Shield and Desert Storm; in some cases, those ships that broke down; as a result, the program flow in the country did not proceed the way that we had wanted it.

I would guess if the proper contractual pieces can be put in place, then so long as the requirements are satisfied, I would guess that is OK. I must admit a personal bias to always buy United States and that kind of a thing. I am out of my lane.

Your other two questions, again, are tough to answer because you need so much of all of it. The problem is a race to Kuwait. You are going to have to have a triad, if I could use that word of the previous cold-war period, of air, sea and prepositioned equipment.

You are going to have to figure out how you can efficiently bulk into that as quickly as you can. If you are going to go on to prepositioned equipment, then you can fly a lot by commercial flag, craft, some of the nondefense kinds of aircraft perhaps that are being looked at because there is always going to be equipment that fall in the medium range, someplace between what you would want for C-5 or C-17 lift.

Yet you are going to need the larger C-17 for the outside loads that you are going to have to bring on at some time. So, it is difficult to say what should be your priority. I think as a combatant commander I would just tell you that we are going to need more of all of it.

The achilles heel woe is going to be the sealift. If you do not get the sea lift in there with robustness, you are just not going to turn

this thing with the pace that you have to. We are not going to get that kind of time next time.

At some point this fellow has gone to school on us. We have gone through two episodes with him now. The challenge is, he is irrational. I have always tried to say you cannot judge him on intent. You judge him on his capabilities. Maybe we may want to get into that a little bit later on as far as we can.

The capabilities are there. It is going to need an awful lot of sea lift to get back over there quickly; more quickly than we did before. I am not giving you a clean answer, because I think it is a triad approach. We need a lot of it and we need it quickly.

The CHAIRMAN. Mr. Evans, the gentleman from Illinois.

Mr. EVANS. Thank you, Mr. Chairman.

General, I have two questions. First, in this committee we hear a lot of talk of advanced threats to our forces such as ballistic missiles and cruise missiles. One of the biggest threats our soldiers face are cheap, three-dollar landmines; weapons that are killing close to 2,000 civilians a year.

It has been estimated that there are almost 200,000 million landmines scattered worldwide; many of which are probably in your theater.

Could you tell us your estimation of the landmine threat to our forces and to our civilians in your area of operation?

General PEAY. Sir, I do not think there is a direct concern for our forces today because I have very, very few forward-deployed forces in the Central Region.

What we are doing is providing our special operating forces, over the next 3 years. We are well underway today to provide particular assistance to Ethiopia and Eritrea in demining. It is a concept, train the trainer, where we provide the expertise and try to grow that capability. The demining problem is enormous. It is not something that is going to be done in any short order.

We are just a small part here in trying to help these governments get underway. Now there are some spinoffs for us obviously in that one of the themes that I find throughout the Central Command that is becoming more and more dominant in our strategic approach is access.

Certainly the ability to help nations, some small dollars in that regard, ensures access, provides stability, gives us, over time, the kind of friendly relationships that probably will stand our country in good stead down the road.

Mr. EVANS. All right. You answered my second question. I wanted your assessment of how the program was working in Africa. I would appreciate that.

General PEAY. It is just very early yet. We have just put our teams in there in the past 60 days, the past 40 days. Really, we are just barely underway. We have had some very, very good staff planning with the leaders of the various nations to include political and military. I am confident that is going to proceed very well. It will be a slow, long process.

Mr. EVANS. All right, General.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

You know, this probably is a good place to break, General, for our vote we have on right now. We will recess just for a few minutes and then come right back.

[Recess.]

The CHAIRMAN. The meeting will please come to order. Pending the return of some other members who are not here right now, let's go to Mr. Bartlett of Maryland.

Mr. BARTLETT. Good morning, General.

Could you tell us what you can in open hearing about the acquisition of submarines by several of the countries in your area and how that relates to sealift planning for any future operations there?

General PEAY. Sir, the Iranians have I think this morning have got three *Kilo* subs in the gulf. I believe that is the number. These are new introductions over the past maybe 6 months.

The gulf, despite its enormous size as you look down on it, when you look at the passage routes through it, it is much less confining because of the depth of the waters, as well as the islands that are disbursed throughout that large water area.

So, that puts you in different tactical and operational concepts as you work against that. That can work for you and it can work against you. The growth of the submarine piece is of concern.

We are watching it closely. Just as concerning is the ability maybe to start to lay mines in the gulf that further constrict the waterways. Of course, I mentioned in my opening statement, if you control the waterways, many people almost think that is an act of war, if that gets away from you.

We will need to do that for the sealift piece because you are going to have to protect that sealift as it gets into the ports. So, control of all of that is very, very important. I think we are OK today. We are watching it closely.

Obviously, if we continue to get some growth in there of the submarine piece, we are going to have to take some other actions. We have got to also watch the escalation problem. One of the real concerns today are these islands, with the movement on them by the Iranians with combat forces, as well as missile and antiaircraft forces.

My concern here is the event of an incident that then could lead to an escalation. What you are seeing here is an increased tension in the waterway period. I think we are under control today. We have just got to watch as we go out.

Mr. BARTLETT. Are other countries likely to acquire submarines in your judgment?

General PEAY. There may be one or two, sir. I do not think you are going to see massive growth. Most of those others are friendly. So, you are really talking Iraq, Iran. Right today, as you know, you have got the sanctions on Iraq.

I suspect this will lead to a whole different line of questions in a moment in terms of what happens when those sanctions come off? Today, we are OK.

Mr. BARTLETT. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas, Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman.

General Peay, it is good to see you again. It is good to have you here.

Let me ask you, what is the status of Saddam Hussein's military today compared to its status prior to Desert Storm, if he were to begin to say, damn the torpedoes, I am going to try to move into the Saudi oil fields, now would we respond militarily?

The second issue, if there is time left, we are going to begin a major debate this year on foreign aid. There are some that genuinely believe we should end all foreign aid.

Can you tell me in your region of the world how American foreign aid to some of our allies in the area perhaps intertwines with our military missions, if it does?

In other words, if we cut off foreign aid, say, to Israel or some other countries under your command or the areas of influence there, you know, how does that impact our military preparedness in that area of the world?

General PEAY. Sir, let me do the best I can. A lot of this is bordering on classification. Maybe later at the end of the hearing if you want to go closed, sir, I will be very happy to do whatever you would like.

I think to box the size prior to the gulf war, we estimated he had the capability of 47 divisions. Today, those estimations are 26. I have always said that when you look at those 26, he has probably got about 12 that are in a fair average, above-average state of readiness.

Much of this now is back-of-the-envelope kind of judgment. The others maybe you could throw away. So, I have always said he has got a capability of around 12 divisions today that you have got to deal with. He has done a surprisingly good job in a sanctioned period of getting what he had there to make those 12 ready.

I think in October, some of the good news is that we uncovered that early, which I think is a sign of a better job in intelligence that we have done since the large war.

It is somewhat surprising to me that he had the ability to move these forces over long distances; by rail, by ground, which shows some sophistication in terms of command and control; some sophistication in terms of discipline; still far different from our forces.

Certainly you know when he did that in 48 hours, how do you do that? I do not think we should write that off. We have got a 32 degree demarcation line there that our country has set out which buys an additional 120 miles, that is sort of from here to Richmond, that buys you time on this what I call race back into the theater.

If those sanctions come off, and there certainly have been over the last 60 days, growing concern by many countries; many that are friends of ours, that maybe we need to look at a more softened approach toward this.

I have major concerns. I think that based on what he has already done in a period of sanctions where clearly there was some seepage, he will in a 2- to 3-year period, maybe short of that, he will rebuild those forces.

I think at the time distances that we are talking about, he will be quickly back into Kuwait or Saudi. Now, the complexity of the

problem seems to me is that we are darned if we do and darned if we don't.

If you take the sanctions off, you run into the problem that I have described. If you leave the sanctions on, then you run some risk, although it is the side I would prefer, that he will lash out again because of his economic problem, how he has to deal with his own constituencies and some manhood concerns based on an irrational leader.

That tells me that we have got to be ready under either one of these cases. I want the sanctions to stay on because I think militarily it puts us at the best posture. I want to be sure it is understood that we are going to win this thing.

This guy is not going to win. The problem becomes one again of time and risk, prudent risk, impact on our youngsters. I think one of the challenges that all of America has got today, one of the challenges we certainly have got in defense today is that fortunately in the last war, we were very, very successful quickly with what I think were surprisingly few casualties.

That is not solace to the unfortunate families that lost youngsters. That is probably a false perception of the way war is. If we are not going to run the risk of having a larger number of kinds of casualties, then we have got to be ready for those kinds of alternatives.

I think we have got a very interesting, a very unsettling six or seven months ahead here as we see how we go through this period. I hope that we will be able to hold onto the demarche and hold this together.

In terms of the foreign military sales, I guess my view is that if we do not sell it, someone else is going to sell it. There is proliferation going on in this region by everybody. It is a real arms area.

One of the challenges I have is that there are a lot of equipment that the former Soviet in terms of their appearance today. So, we have a major fratricide problem that we even have to deal with as we go down this road.

It is going to be sold. I would think the tradeoffs are in the industrial base problem back here at home. Do we want to keep that solvent for a bigger kind of a requirement that we may have toward the end of the decade in this unsettled world? How do we want to play all of that?

In terms of friendliness, there is no question that my job is obviously easier when I go into these countries. We have got a significant foreign military sales program with them. It is a natural kind of a thing that happens among people.

It also allows you access. That is probably the key piece as I mentioned earlier today of dominating the region in the future, stay involved. Stay involved so that you can be a part of playing stability in the region; that you can control its destiny.

Obviously, at the end of the day it satisfies the vital interest of our Nation. You stay involved with foreign military sales because you are providing mobil training teams that go in there that teach these armies how to train.

Anytime you introduce American youngsters with our equipment, you are introducing our own ideals and what our country is about. It seems to me, over the long-term, that is helpful for that stability.

Mr. BARTLETT. Thank you.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much, both of you.

Mr. Hillary, the gentleman from Tennessee.

Mr. HILLARY. Thank you, Mr. Chairman.

I would also like to thank the senior members back here for deferring so that some of us in the peanut gallery up here could actually get a chance to talk to the General.

General, I was in Desert Storm and a big admirer of General Schwarzkopf. I was a member of a unit that was originally an all volunteer unit. Then we were replaced by some folks who had been recalled to active duty. I fly C-130's.

I had an opportunity to volunteer to go back and join a unit which had been activated later on in December 1990. One of the things that bothered me a great deal, when I went back in December, there was a bunch of reservists who were mostly airline pilots, I guess, who were whining because they had been extended.

There was like a theaterwide action on their part trying to drum up support, political support and all kinds of support back here, to get them rotated home which was very embarrassing to me.

I think that you ought to make your case, if you have one, and then salute smartly and be a good soldier if it does not go your way. I do not have a whole lot of sympathy for that. I think those same airline pilots are happy to get the additional \$20,000 or \$25,000 they receive during the year when they sign the contract to be a reservist.

Having said that though, I got a real impression that—and I do not know where this decision was made. I do not know if it was made at General Schwarzkopf's level or higher or where. There was absolutely no consideration given to the differences in reservists. I realize we all sign a contract. I do not think it is exactly right when you say we all sign the same contract because you folks sign one that, you know, where you have retirement that accrues as soon as you retire, et cetera. There are a lot of differences.

I guess my question was, I know in our unit there were a lot of C-130 Reserve and Guard units back here that were not recalled to active duty who would have liked to have gotten into the fight. I could not see from my perspective, in a little tent in the middle of the desert which is, I know, a very narrow perspective, the reason for lack of a rotation policy back.

I understand the philosophy, you know, like in Viet Nam everybody was only over there for a year. So, all they were concerned about, in some cases, was getting through that stint and getting back.

I understand the rationale for being there until it is over. You know, for reservists, lots of times their lives, their businesses, if they had a self-employment type of business, they just were ruined.

I just could not see the rationale for not having a somewhat separate rotation policy, if there were units which could be replacement units in some cases. I think the continuity would have been kept up if they had not just simply replaced unit-for-unit, but if you had replaced them, you know, little-by-little.

I could not understand the reason for not doing that. I just got the impression that—and I will stop here and let you answer this

question—but that, one, the active duty forces in some cases just flat out just did not give a damn.

Even worse, I sensed an impression that, you know, now we have got these reservists where we want them and we are really going to stick it to them. I hope that is not the case. I am just wondering what the policy might be in the future, if there is a possibility in some cases for rotating in and out of reservists.

General PEAY. Sir, I never saw any of that. I was over there from the first days on. I do not know active officers today that have been in the business awhile that have anything but the highest regard for reserve forces.

In fact, my dad was one. I do not know how the reservists today do the great job that they do with the responsibilities of running civilian business and the enormous hours that they put into the business of soldiering or sailoring or whatever the particular arm is.

Your question is a very good one and you will not like my answer. I think it is a very complex question that you have raised. First, in Benny Peay's view, sir, war today has reached a Ph.D. level of war. It is not the kind of warfare that we had in World War II, or Korea, or even what I had in Viet Nam.

It is very sophisticated. If we are going to hopefully always reduce the casualties to our youngsters out there, then it has got intricacies involved in the arrangement of all of that, that have to be worked. I understand your problem or your point that you were making about—the C-130's are a little bit different kind of a force as you try to put this together.

You have to look in that 6-month period prior to the war, all of the things that commanders were trying to get done and the putting together of all of those pieces is a time management problem just for commanders.

If some of that was there, I would guess that some of it is—that just does not, on the order of priorities of things that you have to do to get ready to go to war, that does not quite fit in the proportional priority kinds of things that you have to do.

Second, that is a very, very tough area as you know in terms of climatics. When I arrived there it was 146 degrees on the tarmac at King Fahd. It was 127 degrees in the desert.

There is a conditioning of that, that all has to take place. So just about the time you are starting to condition these wonderful young men and women, then you are talking a rotation of going home.

Third, I will tell you that in the 101st, there also was this, well, maybe we ought to rotate the people home. A lot of it was caused by incorrect media coverage, of the media talking to youngsters who are always going to complain. You know, we worry when they do not complain.

So, we had this built up in the media about, it is rough. We have got to get the troops home. Start a rotation. Yet I will tell you, in the 101st, and I suspect it was true in every division over and the nondivisional forces, there was not a youngster there that did not want to stay to get the job done.

I think if we had reached down to pull them home, you would have had just the opposite kind of a response. There was a high morale in that theater throughout all of this, principally because

of the enormous support at home. I just did not see youngsters that wanted to come out.

Again, I understand what you are saying. I do not think you can just start rotating pieces and start to pull together the fabric of what has to be very sophisticated business today.

Let me take the C-130's. They flew our division, 600 sorties of C-130's in 48 hours, from King Fahd to Rophe. I do not know how they did that. I do not think that you could have brought in C-130 units with 14 or 15 days in theater and put them through that kind of a rotational base, all day, all night, around the area as we made that left swing.

There is a professionalism involved. I think there is a toughening involved in that. Respectfully, I know I have not answered in perhaps the way you would like, but I fundamentally disagree with that.

Mr. HILLARY. Thank you.

The CHAIRMAN. I thank the gentleman.

Mr. Weldon, the gentleman from Pennsylvania.

Mr. WELDON. Thank you, Mr. Chairman.

General, thank you for coming in. I apologize for not being here for your testimony. I did read it.

This is a fundamental and may perhaps even be considered a dumb question, but let me ask it. Looking at your AOR, why would the dividing line split your responsibility and not include Israel, Lebanon, and Syria since you have Egypt, Jordan, Iraq and the whole rest of that Middle East section?

It is very fundamental. Is there some logical reason why that split?

General PEAY. Sir, I do not know the answer to that. It was done years ago. If I was guessing—well, I do not know the reason. People have said to me today, should we now move Israel to our area of operation?

I have said that there are some very sensitive negotiations that are going on today. It looks like we are making some progress.

I think it is time to work through this over the next couple of years and kind of stay where we are. Then perhaps as we get further out, we can look at some rearrangement. I do not know the background years ago when that demarcation was done.

Mr. WELDON. Does that cause you some limitations, that it is not your area of responsibility?

General PEAY. No. It does not, sir. One of the problems today is that in the interest of budget cutting, there have been those that have said, let's cut down the number of CINC's. I would tell you that I disagree with that.

One of the problems we have is time management and span of control. You have got to deal with these people on personal relationships.

Mr. WELDON. I agree with that.

General PEAY. I am comfortable with the way it is.

Mr. WELDON. The reason why I bring this up is, I was going to ask you a question about, since you mentioned the theater missile defense system as a priority; the impact of the development of the RO system that we are doing jointly with the Israelis, which I understand we are paying about 80 percent of the cost.

Since it is not your AOR, I will not ask you that question. Let me ask you about, you do mention the need for space-based sensors. What kind of additional capability will that give you in terms of the kinds of challenges that you face as the Commander in the Central Command?

General PEAY. I think the growing move today, we have seen it with all of our youngsters, is this whole business of moving information quickly and situation awareness.

The precision that the sensors give you and the ability to down link with supersonic real time allows you then to attack those missiles in a launch phase versus getting them further over our troops before you then destroy them, which in some cases, not always—in some cases could have some fallout kinds of implications.

It is a case of how quickly can you attack the problem? The more sophisticated overhead capability you have certainly improves on all of that.

Mr. WELDON. My understanding is that during Operation Desert Storm that we actually had to maintain a telephone line linkage with the ground force leadership in terms of monitoring what was happening and relaying information back and forth.

That has since been upgraded, I believe, with the technology provided by I think it is Talon and Shield if I am not mistaken. How much of an impact has that had?

The reason why I bring this up is, the funding for that was paid for through the SDIAO program in the past, which many of my colleagues are quick to criticize as having had no positive impact on the forces in the field and on our ability to deal with any situation.

If you could comment on both the limitations that were in evidence back in Desert Storm, in term of command and control and how we have improved using the new technologies.

General PEAY. Sir, I am not familiar with the Desert Storm problem. I was in a different part of the fight. We are working the entire air defense problem very hard.

We are going to Roving Sands here in April, May at Fort Bliss, joint exercise, Executive Agents Forces Command out of Atlanta. We have got 15 pretty significant experiments that get at the questions that you have asked that will be ongoing during that as we try to multidimensional attack this very sophisticated threat.

Mr. WELDON. How about the GCC countries? Are they in any way organizing a defense effort that has any degree of creditability? Is there an ongoing effort there for the GCC countries to get together?

General PEAY. The GCC linkage has not occurred. The countries vary with some considerable sophistication by Saudi Arabia; the acquiring of other missiles now by some of the smaller countries.

Some of those missiles that they are acquiring or appear to be acquiring now may be from other countries than the United States. It is going to be an interesting problem of how you link all of that.

One of the things I have tried to tell my counterparts and some of the emirs in the Gulf countries are that when you buy equipment other than United States, then your linkage problem in a total coverage, it will not fit.

Mr. WELDON. We are seeing that. Perhaps you have already commented on this and I missed it. The Russians selling their submarines to Iran. What other activity, besides that, are you seeing?

I know the Chinese have, I guess, been in Saudi Arabia with some sales. What is that doing to our ability to deal with the situation that is increasing in terms of complexity?

General PEAY. Let me provide that for the record because of the classification problem.

[The information referred to follows:]

The proliferation of higher technology weapons to countries like Iran will require more complex defenses to counter such threats. A multi-disciplined approach will be critical to dealing with high-tech weapons.

Command, control, communications, computer & intelligence (C<sup>4</sup>I) technology must be improved to streamline joint operations. Intelligence capabilities, currently marginal against weapons of mass destruction (WMD), should be bolstered.

Diplomatically, we must focus on keeping sensitive technology from "bad actors."

Defensive equipment much as biological agent detection devices, vaccines, and protective gear must be available to allow personnel to operate in WMD environments.

And finally, developing a comprehensive Theater Missile Defense system must be a top priority since deployed cruise and ballistic missiles are extremely difficult to counter.

Mr. WELDON. Fine.

Mr. CHAIRMAN. I thank the gentleman.

Mr. Browder, the gentleman from Alabama.

Mr. BROWDER. Thank you, Mr. Chairman.

General Peay, let me thank you for your service and your testimony here today. I was recently down at your command headquarters with Representative Batemen. Unfortunately, you were away at that time. We did not get a chance to visit you.

I do not have any questions about your current testimony, General Peay, but I would like to take this opportunity to ask you about something that is of reference to you in one of my local newspapers in Alabama a couple of years ago.

I would ask you if you would like to respond to that comment? It refers to your previous life as Army Vice Chief. As you are aware, because you have referenced Saddam Hussein, the Gulf war and weapons of mass destruction in your testimony today, this is a growing threat.

Twice the BRAC process, the Base Closure Commission, has determined that closing Fort McClellan, AL, the home of the chemical school and the only live agent training facility in the free world. That closing Fort McClellan deviated from the prescribed criteria of military value. That it would disrupt our chemical defense training program unacceptably.

The President, the Secretary of Defense and Congress have firmed that decision of the Base Closure Commission in 1991 and 1993. In 1993, shortly after the Base Closure Commission made its second decision, the Anniston Star cited you, not directly, but indirectly, as the source of a statement.

"The Army has assured that it will try again to close Fort McClellan." I would like to ask you, you were not quoted—given a chance I think in the newspaper article to make a statement.

I would like to ask you if you have any—is that an accurate representation of any statement that you might have made? Would

you care to comment on that or to elaborate on that statement in light of the growing proliferation of weapons of mass destruction?

General PEAY. No. I do not know anything about the statement. I was the Vice Chief of Staff for the Army. Unfortunately, in that job when you are sharing shortages, you are going to have thousands and thousands of studies, 25 a day that come across your desk that you have got to deal with.

This has not been a happy time for any of us as we have had to work through a very, very difficult problem. The Army, in my 10 years as Vice, went down about \$32 billion. I think it is a tough, tough problem.

When you are doing that, you look at ways as you know, sir, of how can you then start combining missions at installations and try to get at the very tough dollar problem that is on all of our plates today to keep the outfit ready? Fortunately, I guess I am out of that job now. Poor General Sullivan has got to deal with how you share shortages.

Mr. BROWDER. I apologize for putting you on the spot with that reference in this hearing. Since the Base Closure Commission has twice made that determination and it is supported by the President, the Secretary of State and Congress, and since you had been cited in that newspaper article, I wanted to give you an opportunity on the record to say anything about that.

Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

Mr. Tanner has walked back in. We had better get him right now; the gentleman from Tennessee.

Mr. TANNER. Thank you very much, Mr. Chairman.

I want to thank you General Peay for being with us this morning. I read your testimony. I think it is inclusive and covers basically the questions that I may have had. I would like to just ask you to make two observations if you would, given the constraints of the openness of this meeting.

About a year and a half ago I was in Paris, France for an Inter-Parliamentary European Meeting. We had some Egyptians come to see us in our hotel room after the meeting was over. We had a very long discussion with them about the fundamentalism that is going on there.

I would like your observation, given our constraints here about what is happening in Egypt. I think everyone realizes the contribution that Mubarac and others' country made—to the coalition that took place 3 or 4 years ago in the Gulf war.

Also, although this is not in your primary area of concern, I would ask for a similar observation of what is going on in Turkey with the situation down there. It is an area of interest. This question may not be proper.

Third, I do not know if anyone has asked this, but we get briefings and see newspaper reports and so forth from time-to-time about the state of the civilian population, the citizens in Iraq, and what effect or what impact the continuing embargo and sanctions are doing with regard to the civilization.

If it would be proper, just some observation from your standpoint as to Saddam Hussein, his regime and what we might expect in terms of movement there. Thank you.

General PEAY. Sir, the first question on religious fundamentalism is probably an area that I do not think that any of us today truly, truly understand. There is Islamic growth in our own armed services. There is a growth in many areas of the world where it is very, very peaceful, very well-meaning people that have their own beliefs and work in a very stable manner.

It is the export of the extremist part of that religious sect that is the concerning part. Obviously, that leads to terrorism and other kinds of activities. Sudan and the other surrounding countries, Libya and so forth, have been of such export. The combination of those countries, plus perhaps some from Iran have certainly been of concern in the Egyptian area.

There is a whole different part of that and that is just the honest cultural belief of those countries that want to hold on to their way of life and fundamentally see our way of life is very, very different and not the way that they want to go.

I know I have spent a lot of time talking to Tantawi and Haliby and others in the area about that. They are trying to deal through it in terms of working in the long-range approach; the ideals that are more common to our country. They have got a very different problem on their plate as they try to hold those countries together.

In terms of the Iraqi populous, there are concerns about what the embargo is doing to the populous. There was a great program on one of the leading news programs here last week that you may have seen where they showed that the seepage that had taken place, Saddam had put that money into his ten palaces. He, himself, is still living an enormously attractive life.

Some of the money that has come in there has clearly been pushed over to making more ready his divisions and his armed forces at the extent of his people.

So, there is that concern. When you go around the Gulf as you have and you talk to the countries involved, you are seeing an increasing concern by them for what is happening to the population in Iraq.

All would like to see Saddam go. As he has over many years, he has been a survivor in that regard. It has been like a sign wave I think as you look at the tensions internally and what that impact has meant to his own personal security. Maybe I had better not go any further on that at this stage.

Turkey, again, General Joulwan's area of responsibility, there is the demarcation line there north, just like we have in Southern Iraq and he has that for his Provide Comfort forces.

General Joulwan and I talked with regularity. In fact, we have got a major staff exchange here Monday. We talk about how we can work that problem together. He sees the population flow now starting to go somewhat south in terms of this Islamic movement and flow.

What that means in terms of the stands and how the populations work on the underbelly of the former Soviet Union and the effect of Turkey being a buffer in that regard; a buffer to Iran, Iraq, but also a country that has to deal with these populations as well.

It is too early to tell. It is clearly a movement that is going on. We have to learn more about it in terms of what is extremist and what is not extremist and try to deal with it.

The CHAIRMAN. I thank the gentleman.

The gentleman from Indiana, Mr. Hostettler.

Mr. HOSTETTLER. Thank you, Mr. Chairman.

First of all, General, it is a pleasure to speak with you today. I want to start off with a followup I believe of Mr. Weldon's question. Syria, Lebanon, and Israel, in your professional opinion, do you not believe that they should be included in your jurisdiction of command, given the recent history of the conflict in Iraq and Iraqi scuds going into Israel or Arab speaking people and the like?

General PEAY. No, sir, I do not favor at this stage of doing any movement of these countries. I think we have got some very delicate negotiations ongoing. I do not think you need to introduce another player into that right now.

Let's work through this over several years and see how it evolves as we look at what, everyone in the gulf will tell you, is the long-term threat which is Iran and see how that plays out.

Mr. HOSTETTLER. Going on from a question that I came in on; you spoke about the rise in Islamic Fundamentalism as protective of their region. Is that your perspective or are they moving out? Did I hear you correctly saying that what is happening now is their rejection of a western civilization, a western lifestyle, or are they actually moving out?

General PEAY. Again, I would like to preface it first. I do not think anyone knows a lot about this yet, and that there is growth. As long as that growth is not extremist, then it seems to me that it is a growing religion; a lot that is going on in our own country today that we have to recognize and learn more about.

I think the problem is how do you attack those that have other goals and objectives in mind?

Mr. HOSTETTLER. I was speaking about the militancy of it. Do you still believe that, that is not the case?

General PEAY. No. I think there is some growth in the militancy piece. I certainly do. There is also, though, a clear concern for many countries in that area that want to hold onto their own specific cultures.

The leader of those countries, just like in our own country, has a political challenge on his hand of how does he deal with his constituency?

In our particular case, where we want access, and we want American soldiers, sailors, airmen and marines to be able to go into these countries so that we can readily respond to the requirements at hand, you see some restraints in that regard because of the introduction of a culture that is considerably different than theirs. It is a political problem for some of the leaders involved.

Mr. HOSTETTLER. Thank you very much.

The CHAIRMAN. I thank the gentleman.

Next, we have the gentleman from Texas, Mr. Geren.

Mr. GEREN. Thank you, Mr. Chairman.

You may, in the time that I was gone, gone into some detail about the long-term threat of Iran. If you have, I will not ask you to repeat it, but you mentioned it briefly in response to Mr. Tan-

ner's question. Can you look down the road at what you see with Iran? So many of your colleagues mentioned that someday we are going to have to fight Iran. It seems to almost be accepted as a given.

Could you talk about that threat? What do you think internally is driving that threat, how Iran relates to its neighbors in the region, and just a general overview of the situation?

General PEAY. Thank you very much because I need to correct that perception a little bit. While I do think that is the long-term threat, I think our strategy still should be, while maintaining our readiness, to try not to put Iran into a corner and box him into a corner so that we create a situation that we are going to have to then deal with over the next 25 years.

I think we need to do all we can, as hard as it is, to do all that we can to try to remain involved diplomatically and so forth to see if we cannot work through what we see as a challenge in terms of its growth.

As you know so well, it is fundamentally a different country. It has a large, large population base. Right away the question that I have been asked by several other committees this past week is, when are the countries in the gulf going to start to take up their own defense and take on this problem versus depending on our country?

The answer is, they are working at it. They are buying a lot of foreign military sales. They are paying some of our bills in terms of burden-sharing and assistance in kind. At the end of the day, they do not have the population base.

They are drawn from a small population base against this enormous 60 million population base versus maybe 2 million, in some of these gulf countries, to 12 million in others. They just cannot get there.

Second, of course, they have not over time built a noncommissioned officer corps or an officer corps in terms of the schooling. So my point is, it is a long way to go before you can have a force that can counter that.

So you have Iran and it is growing through all of this period, attaining missiles. There are some indications of the terrorist piece that has now come out. I think that over time what they are trying to do is to truly get a grip or a paralysis control over top of the gulf area.

When they do that, with the enormous energy resources that are associated with our own economic relationship to Europe, Japan and otherwise, then we have got a serious world problem on our hands.

He has worked hard at improving his navy. He is working the missiles. He is working technology transfer. He has not done that much yet with his army. Much of this we are just seeing over the last couple of years.

I think if the last couple of years have been an indication, then we have concern over the next 4 or 5 as to where this is going.

Mr. GEREN. What is driving that buildup? Is it religious-based or is it just geographic ambitions, normal run-of-the-mill mania? How would you try to psychoanalyze Iran?

Mr. PEAY. Sir, I have given up on that a long time ago. Again, I have always said, we must judge capabilities and not intentions. I think that is what you want us to do from a military perspective. I expect it is all the above that you have mentioned.

Mr. GEREN. Thank you, general.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank you both.

The gentleman from Maine, Mr. Longley.

Mr. LONGLEY. Thank you, Mr. Chairman.

General, I took particular note of your comment earlier in the testimony that we cannot expect Mr. Hussein to sit back and not learn some lessons from his encounters with us.

With respect to Vigilant Warrior, I have my own idea that it was a combination of harassment directed at us because of our commitment to Haiti, as well as a desire to test how quickly we could respond.

I note in the later part of your testimony you referred to the three-tier approach to deterring aggression. I am very concerned about the velocity with which we can respond to a threat to Mr. Hussein. The fact the bulk of our forces are out of the theater, or appear to be out of the theater; not only the reinforcement, but getting the forces on the ground in time.

Would it be incorrect to say that he has the ability that if he wanted to move south and not stop that, that could cause us a significant problem?

In other words, what do we do if we do not have the time? It seems to me that a part of our strategy seems to think that everybody is going to sit around and wait for us to arrive. Am I being unrealistic?

General PEAY. No. That is a tough question to answer in open forum, for which I apologize. We do have forces in country today. We have the Air Force with 134 aircraft. Half of those are combat related. The others are the intelligence and support pieces.

We have the carrier that comes to the gulf 270 days a year that brings another 60 aircraft; half of which are combat. We are trying to run what we call a near continuous exercise program that once a quarter puts forces into the theater.

So, while they are not stationed there, they are exercising in the theater. Therefore, we have the ability to blunt him if he comes with no-notice. I think I mentioned earlier, the demarcation line, if the sanctions are lifted, although the demarcation line is not related theoretically to the sanctions, it is a different action.

There will be a perception relationship with the demarcation line; Shiites to sanctions. Therefore, I think as we go down that line we run the risk of, would that be removed? If that is removed, then what happens to those forces that are currently stationed in country? What is the rationale for them?

That is a doomsday scenario. I do not think it is to that degree. The point is, we have forces in theater exercising. That gives you some early on response capability. I just put 24 A-10's into Kuwait as a result of Vigilant Warrior.

Those are small numbers. What we have got to do is to quickly, through air, sea and prepositioned equipment, move forces back into theater at break-neck speed to halt him until we then can sort

out the situation and at some phase then decide if we want to go on the counter-attack or what do we want to do.

Mr. LONGLEY. Just a follow-up question, kind of along the lines of Mr. Hostettler's question a minute ago. I was fortunate to serve during Provide Comfort in Northern Iraq. Is that with your area of responsibility or is it still European Command?

General PEAY. European Command, yes, sir.

Mr. LONGLEY. Thank you.

The CHAIRMAN. The Gentleman from Pennsylvania, Mr. McHale.

Mr. MCHALE. Thank you, Mr. Chairman.

General, good morning. I have been very impressed by your testimony and personally find it reassuring that we have got a CINC of your ability in command of our forces.

Having said those nice things, let me ask what I hope are some tough questions.

Following up on what Mr. Longley said; in the event of a rapid, unanticipated attack by Iraqi forces into Kuwait, have we surrounded our prepositioned stockpiles with sufficient security to guarantee that those stockpiles would not fall into enemy hands?

General PEAY. Sir, the answer is, what is the risk? We have plans in place to drive that equipment south if that is required. I hope that will not be the case. I hope we will go into that equipment and go north.

Again, it is based on how much warning have you got and how quick the National Command Authorities make decisions. I think as we look at Vigilant Warrior and in fairness you saw a very, very quick set of decisions from rules of engagement to response with flexible defense options and greater to get back into the region.

Having said that, to close the gate will be very, very difficult to do. Yes, there is risk. I think we have got plans in place that can address that situation.

Mr. MCHALE. General, my second question is related to the first. Again, envisioning an attack by Iraqi forces where, unlike the situation in Desert Shield, we were able to deter any further advance.

If Saddam Hussein has learned at least 1 basic lesson, and that is if he attacks, to attack in force and with perseverance. Should that attack come south, and should our stockpiles be imperiled by such an attack, how would our power projection capability be adversely affected by a focused and effective enemy attack upon critical port facilities?

For instance, are we capable of getting our land forces ashore with sustainability if Saddam Hussein were to take out the port of Jubail?

General PEAY. Sir, that is what warfare is all about. You always live on the edge. Any CINC's is going to always ask for more in terms of combatting that problem. I would hope that we would be able to get the strategic lift, and the naval force back in there that will provide a modicum of support from an air defense perspective, as well as the sea lanes piece.

We have, as you know today, four Patriot batteries that are in country. We have got prepositioned stocks without troops for two others. We will try to respond as quickly as we can with those, reposition those particular batteries for the defensive piece that we have to.

There is risk in this operation. The question is, is it risk? Is it prudent risk? How do you judge all of that? Again, we should not make him 10 feet tall. He is not. I think I mentioned earlier today that we have a perception problem as we deal with how deep he goes, in the early days, before you stop him, before you defeat him and you go north.

I would like to go to closed session on a little of this, if I could.

Mr. MCHALE. At some point, I would like to have the opportunity to talk to you in closed session about it.

I am presenting a tough, but I think, realistic scenario. Where having gone through this evolution twice, unless the enemy is stupid and we should assume that he is not, clearly there is some vulnerability for our prepositioned stockpiles.

Clearly our ability to fight and win Desert Storm was based on the port facilities that allowed us to bring so much heavy equipment into theater reactively quickly. If the enemy initiates another attack, those are two points of vulnerability that I think we have to be prepared to address.

Finally, to what extent is the Southwest Asia prepositioned stockpile inflexibly oriented toward Iraq? At what speed and with what lift assets could the prepositioned stockpile be reoriented toward another regional threat, for instance, Iran?

General PEAY. We have got the one right today in Kuwait. It is within 25 minutes of a port. If you want to move it that way or you can drive around the northern tier if that is open.

The second set that we are working on right now in another country is close to water. We have got the dollars. We are trying to work the dollars in this particular program. They run about \$178 million. I would like to get it done as quick as we could.

That particular country is on the water. Again, if we got the shipping, we can move it there and move it across for the other problem.

When you look at this problem though you cannot attack it just as pre-positioned and ports. He could do the same thing to our airfields and stop the flow in that way. He could tie up the choke points and therefore the shipping cannot get through. You have got to attack the problem multidimensional as you work it.

Mr. MCHALE. Mr. Chairman, I see that my light is on.

General, I agree with what you have said. I think the one difference between the airfields and the ports is that we have some dispersion with regard to airfields. I think we are much more focused and limited with regard to our port facilities.

Mr. Chairman, I thank you. General, thank you.

The CHAIRMAN. The gentleman from Virginia, Mr. Bateman.

Mr. BATEMAN. Thank you very much, Mr. Chairman.

Welcome, General Peay. Let me begin by telling you how much I appreciated and benefited from the very excellent briefing that your staff gave me in January when I was at your headquarters. You have an outstanding team.

We are discussing, more than any other sole factor of the national security dimension, readiness. I am not sure we are all doing it in the same context. Much of the discussion concerns me that we are looking at readiness somewhat as a snapshot and we ought to be looking at it as a motion picture.

The perception of many is that there are some immediate—shortfalls allegedly based upon diversion of funds that would otherwise have been adequate to unforeseen contingencies.

Of course, Vigilant Warrior would have been one of those. Not so much today, in the interest of others having an opportunity to answer questions, but I would like for you to advise for the record what the impact of Vigilant Warrior was on your budget and how is that managed?

When you are tasked to do a Vigilant Warrior and you had not been able to foresee it, it was not something programmed in the budget for the central command, how does it get paid for?

Having been tasked, are you told to find the money wherever you can or does the Comptroller of DOD say, this is going to cost you money that was not anticipated? We will provide it from this account, that account or the other account.

This member of the committee wants to have a much better handle on how we make those decisions to fund unforeseen contingencies and whether or not we are selecting the right pots of money to go to when we have to do those kinds of things. It will be very helpful to me to have your perspective as one of the war fighting CINC's, as to how that mechanism works.

General PEAY. As you know, sir, fortunately I do not have to deal with the budget the way the service Chief does who really has to sort out the problem. Let me take Vigilant Warrior though because we are all in this together trying to work through a tough problem. Where it stands right today, we have gone around from early on, after it was over with and tried to recoup the dollars involved by working with the national leaders that were involved in the region.

Kuwait, early on, stepped up and said we will pay 50 percent of that. It was about \$226 million that they were going to pay. Then the idea was to go around and get an equivalent amount from the other nations involved.

Obviously, if we could have gotten that very quickly, we could have put that back in the fund line business, then the service chiefs would not have had to decimate or cut other kinds of moneys to get at that problem.

I guess it does delay some training. I think you have heard these arguments. It delays the training. When you get these unprogrammed cuts and so you start to get some things out of the long-range training plan, that if done on a repeated basis over time would impact the growth of individuals as well as the collective performance of the units.

The problem on the larger question of readiness though is, we have always, I think, had snapshot problems. Since I have been in the Army, we have always had a series of tier readiness. We have never had all of our forces ready to go at one time.

It is made more complex today because as we have now gone to a contingency service, all services, responding to worldwide threats, the ordered priority of the way things would go out is not the same.

Second, with the large draw down of the number of forces, you frankly have got everybody in a contingency mode today. So, it makes the tier piece more complicated. Still, we have a tendency to always want everything just right.

I can tell you that in the desert, several of my aviation battalions went to the desert at 80 percent—people. We filled those up very quickly. I think they perform rather admirably. We got the leadership intact. We have good doctoring. We have done the right training. You could start to put the team back together if it is not quite the way that you want it.

I do not worry as much about the short-term piece. I do have great confidence that the service chiefs will provide trained forces. They are not going to provide forces to the CINC's that have fallen off the cliff, per se. They would never do that.

So the problem in my mind is the long-term problem. You have got to grow youngsters from lieutenant to general; private to sergeant, sergeant major. What makes our Army so different is the very sophisticated—not just the Army, all of the services—the very sophisticated way we do that, largely due to splendid schooling that we provide our forces.

Those take dollars. I have always found it interesting that we talk about the condition of our divisions and our squadrons and our carriers when the youngsters that are teaching on the platforms and the robustness that is in the school system, as Marshall said, we train in the years between wars. That is another major piece of readiness.

Somewhere along the line, I think the Chiefs have all testified, we have got to worry about this modernization up-tic in the later years; the Apache, the MLRS, some of the aviation systems in the Air Force; the precision munitions that were all so successful in Desert Shield and Desert Storm a decade earlier. We have got to be concerned about that now in terms of the modernization piece of it, the balance.

Mr. BATEMAN. Thank you very much, general.

The CHAIRMAN. I thank the gentleman.

Next, we will have the Gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

General Peay, I had the chance to visit with General McCaffrey over the weekend. He was talking about the problem, if not inevitable move of SOUTHCOM. He expressed some concerns that if SOUTHCOM were to locate to Florida near CENTCOM, that the first reaction of a lot of people would be, what do we need all of these high priced generals for? Why can't one of them just do both jobs?

Would you share that concern?

General PEAY. I have not heard that. We have all got different regions. I have enough to do in my region. I don't need anymore.

Mr. TAYLOR. I am sure that would be your answer, but I am talking about from the public's perception.

General PERRY. I would hope that we could, if that is the perception, sir, that we could do some education to indicate what a CINC does, what are the regions in the world that we associate ourselves with. There is a major span of control problem when—I would not decrease any more of the CINC's. It is based on these personal relationships.

I spend 2 weeks a month out in the area of operations. I do not spend a lot of that time dealing with our forces, although I have a limited number. I spend most of that time dealing with foreign

military leaders and national state presidents to try to be sure that we can get access and get back into that region so they do not block us in the middle of this race to Kuwait that was mentioned earlier.

Mr. TAYLOR. No. 2, and it is not a question, but I would, being also a made in America nut, like to compliment you for saying that. I have unfortunately found, throughout all branches of the service, what I feel is a lack of appreciation for the need to be able to make things here.

General PEAY. I am sorry?

Mr. TAYLOR. I said I found throughout the services a lack of appreciation for the need to be able to make things here should the world turn their back on us like they did in Viet Nam. I appreciate you speaking up. I will not be one of the ones who criticize you for that. I want to compliment you.

Third is, one of the very few problems we experienced during Desert Storm, but it was a problem, an IFF problem in particular for our land vehicles; the very tragic case of Americans shooting at Americans.

Do you feel like that has been adequately addressed since Desert Storm? Has it been addressed to your satisfaction?

General PEAY. No, it has not, but it is being worked as hard as it can be worked. It is not that people are not trying to work it. It is that it is very complex and difficult to work. Admiral Owens and all of the Vice Chiefs of the service and the JROC piece with a rather large staff that is growing now, trying to work this fratricide problem.

It is just a very, very difficult problem, technology, to fix. I know they are working it hard back in the Defense Department. That problem today is still a problem on the battlefield.

There is a piece of it that helps. That is the situation awareness, the ability today to put POSNAV kinds of gear in many, many areas. It gives you a greater situation awareness which probably is the first step to get a friend-or-foe kind of breakdown.

I think you know that fratricide is always going to be a problem. It is a tough problem. We are never going to totally clean it up. We need to try to do the very, very best that we can at it. We have got some work to do there.

Mr. TAYLOR. My last question is an opinion. I did read with particular interest your remarks about sea lift, prepositioned ships and that is an interest of mine.

I was wondering from a cost savings point of view, trying to maximize the dollars that we have available, if much thought has been given to those vessels that are actually prepositioned—that are sitting in a foreign port?

Since the most expensive part of a vessel is in effect the driving force of a ship, the engine room, the back half of a ship as opposed to the front half of a ship. Has much thought been given for the prepositioned portion, the part that is not going to be moved, to using large container barges which are as you know very common in the world of commerce.

Then for the ships that need the rapid movement ships, you know, saving them—I would think that you could certainly stretch your dollars as the world of commerce has done by the use of commercial barges for those things that are just sitting there and

therefore enabling us to buy more RO-RO's or build more RO-RO's and the fast sealift ships for those that need to be capable of moving from one place to another.

Has much thought been given to that?

General PEAY. Yes, sir. We have looked at a lot of these different mixes. One of the big advantages that preposition on land gives you, is it gives you access to the country. When you put it on board the barge, it does not necessarily mean, and in many cases may not, mean that a country is going to let you then introduce that equipment and then use it against the threat that may be present.

These gulf countries all have different views on the threat. There are maintenance pieces, as you know, associated with on-barge versus the ability to maintain that ashore. Then if you have got it on-barge, you are still going to somehow need another to move that into the area and do so port opening, port deloading to get it off and get it into the area.

I think as you do, the time distance pieces of it, it clearly goes much quicker if you go by craft air, and land the passengers, and be able to put it on very highly maintained stocks and then roll to the front end of the battle.

Mr. TAYLOR. Mr. Chairman, may I be allowed just one followup question?

Please correct me if I am mistaken. It was my understanding that some of these prepositioned ships, actually all of the equipment stays on the vessel in a foreign port where you presume you are going to need it.

Again, what would be the difference between that vessel, which is self-propelled, once it gets there and a barge which is not? Again, just trying to stretch what we all know are very limited dollars.

General PEAY. Again, it is the mix that you want. What we have got now is we have got a brigade set in Kuwait. We have got a brigade set that we are working in another country. We have got this brigade set afloat which gets at what you said.

It is just a mixture of how you want to do all of that. I think we are more comfortable today with having two or three brigade sets ashore in different countries that collectively, regionally draw the region together and have a set afloat as well.

You start to run out of equipment at some point. We simply do not have the stock of brigade set numbers to be able to keep adding brigade sets afloat around the world. We are trying to do some out in the Pacific area as well.

It is a worldwide, global prepositioning strategy; not just a strategy for the Southwest Asia theater.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The gentleman from California, Mr. Dornan.

Mr. DORNAN. General, well done in the gulf war. Refresh my memory on the line order of battle. If General McCaffrey was the point of the spear, was the 101st under your command, not the left flank with the French or did you come up through the middle?

General PEAY. No, sir. We were both, sir, out on the left side together. I was on his left or northern flank and we kind of went out together.

Mr. DORNAN. So, at one point, you became the point of the spear.

General PEAY. Sir, we both were out there.

Mr. DORAN. Well done. You are a lucky man to have commanded the 101st. When you were a battery artillery commander, which my dad did in World War I, they were chevrons, not called Purple Hearts, two for poisonous mustard gas, one for shrapnel under the eye, artillery can be very exciting.

What year were you in the central highlands your first tour?

General PEAY. 1967, 1968, sir.

Mr. DORAN. When you left, were we winning?

General PEAY. Yes, sir, we were. In the first tour we were winning, not the second.

Mr. DORAN. The second tour, the issue was in doubt for political reasons, right? You can say that.

General PEAY. We did not have the perseverance to work through a very tough period.

Mr. DORAN. Well, you have got a great career. So, let me take you through a mine field. You have done that before.

Do you know there is a Senator who killed three MiG pilots and there is a suspicion that one of them was a Russian. He probably killed a couple more because he had a couple of problems. Do you know there is a Senator that had killed three MiG pilots in man-on-man aerial combat?

General PEAY. I have heard that, sir. I have never met him.

Mr. DORAN. Well, he is an astronaut. He questioned you the other day, I think. His name is John Glenn. He also held the trans-continental speed record in 1957. He is quite a guy. I love to quote Democrats who earned the right to be tough on four-stars.

I love to look at his capsule under the Wright flyer in the Air and Space Museum. Here is what he said the other day. He said that the military has been so reduced, he thinks we will have a lot of trouble fighting one war, let alone two.

General Joulwan, who I greatly admire, was at the Battle of Bastone; 50th commemorative services with him, freezing Belgian day last December 16. I respect him, but he said the military is on the right glide path.

I like to have generals use Air Force metaphors. A slightly less enthusiastic response came from Army Gen. Binford Peay, Central Command. He said he was only "Somewhat satisfied with the military's ability to fight two wars."

General Shean rebuffing one of my favorite Senators, Trent Lott, who was making a pitch for LHD ships built in his home State; Mr. Taylor would appreciate this said, "We cannot have everything we want in all of the services." He demurred from having the best of equipment. All of this judiciousness did not sway MiG victor John Glenn, Marine fighter pilot.

Glenn charged that a recent Pentagon war game was inaccurate when it concluded the military could fight two wars at once. What an appropriate title for this exercise; "Nimble Dance."

It says that this credits the U.S. forces with having weapons that they may not have, with capabilities we may not have, and with air and sealift drawn from bigger stockpiles of precision weapons that we do not have.

We have a minuscule, minuscule amount of precision guided munitions; do we not, General, especially in theater in Central Command? Isn't minuscule a fair description?

General PEAY. We do today position there. We are in the process of trying to do some shifting as fast as we can get the access agreements in place so that we can have the prepositioned munitions right next to the aircraft that will be bedded down, and flow in there very quickly at the very specific airfields. It is an area that we are working very hard on. Today, it is a deficiency.

Mr. DORNAN. Mr. Spence has five marshals, if I may use a Napoleonic term. His five marshals are all fascinated by the term "combat readiness." I met yesterday with a former Secretary of Defense and I have talked to a couple of others.

Here is the theme word you are going to hear from me for the next 2 years, "sustainability." I will close on that. I do not care how combat ready you are, how long can you fight?

Oh, a few heads are already nodding from uniformed people in the audience. General, take whatever time you want and I will yield back the balance of my time. Tell me all about sustainability in Central Command. How long can we hang on fighting? That is all I have, sir. Again, proud of what you did in the Gulf.

General PEAY. Sir, as you know, the Central Command has very, very few forward deployed forces. In fact, if you look at the entire region today on a good day, it is 20,000. If you get the carrier in there, it bumps it up a little bit.

Our forces are one of an area where there are no treaties, no alliances and very, very few cooperative agreements that are in place.

Mr. DORNAN. General Patton loved areas like that with no treaties.

General PEAY. When you talk sustainability, you are talking about how we can get in country with a large number of supplies and have this ready to go. I must tell you, I did not know that we were in the posture that we are in over there. We have got a long ways to go.

Frankly, we are much further ahead than I ever had any idea. Today when you look at the supplies that are in place over there against a 70,000 man Air Force requirement, we are at 42 percent filled of where we want to be.

Hopefully by the end of the decade, the sustainability, the Harvest Falcon Sets, the hospital gear, so many days of supply, et cetera, et cetera. I guess I am telling you, yes, you are right. The sustainability today is of concern.

We are methodically working through that as hard and as fast as we can. Again, it gets at the lift problem. If you can do all of that, you can get in there and start operating a lot more quickly.

Sustainability in terms of forces to come to us, now you are into this tough tradeoff. Are you talking one war, two wars, what is the strategy piece that you are working on? If you can get the force in there, the sustainability I think is in the structure, active, Guard and Reserve of our national forces. It is just a case of how quickly you can bring it on.

Mr. DORNAN. Mr. Chairman, could I just do a quick philosophical followup for the record.

The CHAIRMAN. The gentleman has additional time.

Mr. DORAN. General, do you see any difference in the caliber of fighting young men under you than those young artillery men that you commanded in Viet Nam?

I was over there eight times as a reporter. I see no difference, none, until it started to fall apart in some units briefly; same kind of man, older brothers, younger uncles, dads, same kind of people.

France, World War I; France, World War II; the Ardennes; Grenada, Panama, Viet Nam, gulf war; all the same kind of terrific American fighting men and now women. Do you see any difference as a young battery officer and as the commander of the 101st Airborne?

General PEAY. I think the youngsters in my first tour in Viet Nam were absolutely superb. My second tour, the young men and women that came over there were representative of society and brought all of the challenges of the 1960's that our society brought forth at that time and we had to deal with that.

That is a difficult relationship to judge, certainly today, I think of all of the services. In all of the services today the young men and women that we have coming in the service are absolutely A-plus.

Mr. DORAN. Superb is the word again.

General PEAY. Yes.

Mr. DORAN. Back to superb.

General PEAY. I do not think it does any good, sir, to judge how they are today against those that came in, in the early days of the Viet Nam piece when the country was behind the effort. I think we have been blessed with very, very good young people.

Mr. DORAN. Thank you.

The CHAIRMAN. The gentleman from Florida, Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

Thank you, General. I am sorry I was not here for your earlier testimony. Your answers to many of the questions before have sort of taken care of some of the concerns that I have.

I do have two though. One is probably soliciting an opinion because you are not in a position to have the burden of having to deal with it. The other one is maybe of more substance. I will ask the substance one first. That has to do with the strategic lift.

Everything that you have said, and clearly with your ARO is based on whether or not we can get there with what we have to get there with and then do what we do at the battlefield.

The question is, is there a get well date? Given the procurement strain that we have, is there a point in time here that you see light?

That is to say that we will fully address the question and get you the lift that is necessary to get those forces on the battlefield in the timeframe and with the flexibility that has to occur. That is to say too with the prepositioned force.

General PEAY. I think the—again, I am not an expert on the program, but I think in the program, the sealift piece starts to get well at the end of the program years. The maintenance of the RRF piece may only be holding its own.

I have heard, and again I have not seen the statistics, that there may be some of the IRF piece in terms of maintenance. The problem I think then is the air leg of this. I know that General Fogleman is doing a study at breakneck speed to try to figure the

right combination of the various kinds of aircraft to get at that problem.

I think that is the piece right today that still needs some scrutiny and some effort as we try to figure out the best combination of the dollars. Again, I would like to hit this on the prepositioned piece to be sure that it is synchronized.

Mr. PETERSON. Do you care whether you get an NDAA versus a C-17?

General PEAY. Sir, we need to leave that to the Air Force Chief to really come at that. I obviously like the C-17 for the enormous fine job that it does on landing on a lot of air fields in our area; the responsibility particularly when you get down in Africa and others where you have got shorter kinds of landing strips.

It has got, as you know, the outsized piece. There needs to be someone that is an expert at the statistics. How do you optimize what the right mix of all of those are dollar-wise? It still gets to lift. All I can do is give you the requirements. We have got requirements for all of that.

Mr. PETERSON. The next question is really an opinion.

Yesterday, we passed a supplemental that takes a great deal of that supplemental and it is required that it come out of DOD existing funding. This is a precedent. We have never done this before.

What I have concern with is something that Mr. Batemen had mentioned I think or was leading to. I will take it to the next step. I am concerned that a CINC, as yourself, when you are starting to look at early intervention perhaps, be it humanitarian or otherwise, may be a little less inclined to say, let's go if you know that, that is going to impact negatively on other programs that are feeding your overall command. That is to say, if we move out now, it may be that your strategic lift programs will be delayed another year.

We are going to have to go back in and pull a lot of that money out of Defense in the process of doing that. Do you think that there is a potential for delaying deployment decisions or intervention decisions as a result of the fact that now we are not going to declare any kind of contingency actions as emergencies.

We may in fact have to pay for them out of the moneys that you are operating with everyday.

General PEAY. Sir, I do not think so. I think before we commit youngsters today to harm's way, there is a clear debate, is it in our national interest? Is it in our vital interest? Those are civilian decisions. Clearly military people make recommendations.

Those kinds of decisions are made at the highest levels. I do not think that they are made without great deliberation. I do not see that as the problem. Maybe the corollary to that is, how do you look at the monies for exercises?

As you are trying to understand a tough service Chief's problem of how he keeps all of this in balance, would you have more constraint in your view of how many exercises do you want to do in the theater versus that is going to take away from this and so forth.

I think from an OPTEMPO standpoint of our people and trying to work through a very tough time, that you may fall off on that

kind of a thing. In terms of a commitment to a contingency kind of an operation, I do not see it that way.

Mr. PETERSON. I appreciate your opinion.

I am not so certain that even the higher civilian authority is going to be free to make those kinds of decisions if they know that they are in fact going to have to pay for them out of existing DOD funds, which I have a major of.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

Next, we have the gentleman from Pensacola, FL, Joe Scarborough.

Mr. SCARBOROUGH. Thank you, Mr. Chairman.

Thank you, General, for coming and speaking to us today. I would like to just briefly comment on the question that was given to you from Congressman Dornan, possibly our next Commander and Chief.

Mr. Dornan was asking about the quality of troops today. I can tell you, I came back from my district this past weekend where I attended a memorial service for the four Rangers that died in training.

I can tell you, that was the most moving 30 minutes I think I have ever been a part of; not simply because of the tragedy of their deaths, but because of the commitment of that entire Ranger community and their fierce resolve in the face of that adversity. It was incredible. It was just an incredible moment. You talked about growing youngsters. You talked about the concern of maintaining professionalism and high standards of professionalism in the U.S. Armed Forces.

I can tell you, at least from what I saw this past weekend, I would give them an A-plus-plus. I do not see how they could have done any better. I see you are a Ranger yourself.

Would you care to comment briefly on the rigorous type of training that Rangers must go through so they can do their job and similarly adverse circumstances out in the field?

General PEAY. No, I do not think so, sir, at this time.

Mr. PETERSON. OK.

General PEAY. It is a tragic incident. We are working through it. I think in my time in the service, the Ranger School business perhaps provides the toughest leadership that you can give a young man early on in this business. We just need to work through this for awhile.

Mr. SCARBOROUGH. Well, they certainly have done a good job in providing leadership from what I have seen.

I wanted to ask you just a very general question. I want to narrow the focus to your region. There has been a debate for some time, a very general debate, about whether the world has been a safer place or not over the past 5 or 6 years since the collapse of the Soviet Empire.

I would like you to focus on your region and compare the challenges that would have been facing your region in, let's say, 1988, 1989 and the challenges that will be facing us today in the next 5 years.

Would you characterize it as being a safer region today than it was 5 years ago or has the power vacuum that is left with the Soviet Union's Empire actually made it a more dangerous region?

General PEAY. I think you would characterize the region over the next decade as continues to be one that is very volatile. Different approaches by the different nation states. Different states trying to get along economically with various powers in the region.

The proliferation piece is the concerning piece. The movement of populations and what that all portends. The ability of the various nations to use the equipment in different ways based on their population basis and the readiness of their forces; very diverse.

Of course, I think the principal characters that we are dealing with right now are Iraq and Iran in the central part of the region. The Egyptian challenges that we talked about a little bit earlier.

Then the enduring interest versus vital interest for our country of Pakistan and India. So, it is diverse. It is going to be a very active region over the next decade.

Mr. SCARBOROUGH. Is it safe to say the threat has not lessened in the past 5 or 6 years?

General PEAY. Yes, I think you can say that.

Mr. SCARBOROUGH. OK, thank you.

I yield back the balance of my time.

The CHAIRMAN. I thank the gentleman. Mr. Tejeda has left. It looks like Mr. Kennedy, the gentleman from Rhode Island.

Mr. KENNEDY. Thank you very much, Mr. Chairman.

I thank you, General. I was pleased to read in your testimony that among the five key programs, you highlighted the IMET program, the International Military Education and Training program.

I would like to ask you to comment about the importance of this program to the United States' ability to respond to regional concerns. If we were to ever lose this kind of program what would you see us giving up if we were to miss the opportunities that this kind of international cooperation through education and training currently gives us?

General PEAY. Well, I just think it is an enormous benefit in two ways. It clearly takes young people, middle-aged officers, introduces them to a very community and military relations at our service schools and puts them back into their armed services.

Before they ever come, they are very highly competitively selected. So, it is very clear that they are on a track to national leadership. The other is just what it does for our own officer corps that day-in and day-out sits in the classroom at medium to senior level. It makes very close friends.

In my war college class, two of my classmates went on to be Chiefs, Chairman, Joint Staff equivalents in their respective nations. That is not uncommon. You will get two to four out of every class that end up in that relationship.

There is just no payoff for that. Later on when they go home and the way they handle problems working with their civilian leadership or in many cases, they have high political office that they hold.

In our region, I think the bill today is somewhere between \$2 million and \$3 million. So for \$2 million, \$3 million, \$4 million you

are in a safe—9 to 10 of the states, you are bringing senior people to the front, the way we do business in our country.

Mr. KENNEDY. Thank you. I would like to highlight that because I agree with you. In looking at the threats that we are being briefed on everyday, it seems to me the cooperative relationship that we have with our allies and with the military personnel with which our military personnel had the opportunity to come to know on a personal level and an educational level.

It should well serve our interest to maintain that kind of program. An ounce of prevention is worth a pound of cure. If we can communicate better with our allies militarily, if they have an understanding of our military know-how, then it seems to me when we approach these conflicts around the world, we are a step ahead of the game with that historic relationship that this program and others like it, which commingle these international military officers together in education and training, give this country.

Thank you, General.

The CHAIRMAN. The gentleman from Missouri, Mr. Skelton, wants another shot at it.

Mr. SKELTON. If I may followup on your comments, Mr. Kennedy. A few years ago, not long ago, I was at the German Joint War College. I was in the office of the two-star general who was in charge of the entire school.

I saw on his wall the certificate, the diploma from the Commander, General Staff College at Fort Leavenworth of which General Peay is well acquainted. I asked him about it. He said that was the most enjoyable year of his life. So, I think there is a great deal in what you say.

General, one last question and you did touch on it. It was access to other countries with both their forces and pre-positioning. Would you care to expand on that? I am not sure the committee got the full import of your desire to have access should push come to shove in your area of responsibility, particularly to pre-positioning.

General PEAY. The challenge is, we do not have treaties in place. When you get into one of these fast moving operations, if I can take the recent Vigilant Warrior as an example. This happened, I think, in my first 3 weeks of command. I had fortunately just finished a long trip over there and met all of these people personally.

The ability then to talk to them face to face, some of the real heros in the October affair were superb ambassadors that you were able to talk to right away and they went right in and saw the king or emir or whoever the leader of the various country. That is the good side of it.

The rough side of it was we had some challenges. In that period of getting locked down, the bed-down position, as we went through that. Clearly where you have got forces that are forward deployed on land facilities being able to get in there and allowing the attack of that guy from that particular soil.

It helps in keeping the coalition together in terms of commonality. I, again, would ask strong consideration for the prepositioning, to put the dollars against that; the burden sharing, the assistance in kind I do not think is going to be there to the degree that any of us are going to be that happy with.

I think it is in our national interest. In Kuwait, they built the facility. In Saudi Arabia they are providing, I think, \$15 million a year in terms of normal kinds of supply and upkeep. In addition, they granted the access.

The one that we are working in this other country, they will provide the land. We have got to provide the facility. In times of tough budget cutting, it will be easy to try to make others participate in that. I think it is a key part of the prepositioning triad concept of getting back in the theater.

**The CHAIRMAN.** I thank the gentleman.

**The ranking member from California, Mr. Dellums.**

**Mr. DELLUMS.** Thank you very much, Mr. Chairman.

I am pleased that we could engage in a strategy this morning that allowed our junior members to be able to have access to our witnesses. Sometimes coming last, there are certain advantages. My hope is that I can try to plug the holes and fill out this hearing with a number of questions.

The first question that I would like to raise goes to a matter that you raised in your opening remarks, Mr. Chairman. I would like the general to tell us from his perspective what learning we gain from Operation Vigilant Warrior?

In the course of your remarks, I would appreciate it if you would also speak very specifically to your assessment of the performance of the National Command Authority in the context of Vigilant Warrior.

**General PEAY.** I think probably just like its name, I think one of the key success stories where our forces were vigilant and they were ready. I think to have gone over the distance that they did, particularly the first 48-hour rush in there is an example of just that.

The intelligence apparatus that was somewhat a deficiency in Desert Shield and Desert Storm, I think you saw an improvement in that. That is identified by the ability that we were able to pick all of this up.

I would say that the National Command Authority made very, very quick decisions from the approving of rules of engagement in terms of the way that you have got to conduct your operation until just the basic decisions of the forces that you requested in the flow. I think that was done with great speed.

We closed the force rapidly. Clearly, if we had more of the things we have talked about this morning, the power projection, strategic lift, air, sea, and preposition, then you could have closed that quicker.

In closed session I would be very happy—for the record, I will be very happy to provide the efficiency piece here because of its classification. I think relationships in-country were a large help as I mentioned in terms of pulling the force together.

The forces that arrived in the country I think were ready. I think the forces that the service Chiefs provided were ready to do the job. I think that is how I would generally sum it up.

**Mr. DELLUMS.** Thank you. There are a number of questions that you have touched upon, but I would like to ask them in a very pointed fashion because I think it is important to round out this hearing if it is to have any meaning in the larger context of what

our responsibilities are. General, there is a major debate raging in the Congress, generally on this committee specifically around the issue of readiness and preparedness.

I would like to ask a few questions simply to round out the record in that regard. First of all, from your position, are properly trained and equipped forces being provided to your command in a timely fashion today?

General PEAY. Clearly yes. I have a small number of forces forward deployed. I see them on exercises. I think they perform superbly. There are concerns on OPTEMPO. As a result of that, there is some pull back in terms of forward-deployed forces in terms of the numbers.

For instance, our AWACS. We have cut some of that back. Some of the overhead we have cut back. We are watching very closely our Patriot people. With some exceptions, we have had to watch the TEMPO.

Our Marines that are associated with—the 50-percent commitment around the year in the gulf. We have had to watch the OPTEMPO. The forces that have been provided, I have no complaint on. That is the force piece.

The bigger piece that a CINC has to deal with as you know frankly is not that. The service Chiefs are going to look across their spread of forces and provide whichever CINC is in trouble the right forces for his fight based on their state of readiness.

The problem is, how do you fix the seams kinds of things that frankly, as I mentioned earlier, are out in the outer years. That is the modernization piece. That is the robustness in communication. That is the sustainability, the stockpiling of all of that, that lets you fight. That's the lift. Probably as important as anything is the modernization of the equipment.

Sir, that is what a CINC has to work with. I find the force piece easy. The piece I have is the Synergistic piece of how you put that together and deal with the seams. That is what I need to keep my focus on and not spend my time worrying about the troop piece. They will provide the right forces.

Mr. DELLUMS. Thank you.

Your comment regarding the Synergistic concerns that you have leads me to this question.

Again, from your vantage point, will current administration plans result in properly trained and equipped forces being available to you in a timely fashion in the future?

General PEAY. Well, I think so. Again, I do not have a budget. The service Chief puts that together.

Mr. DELLUMS. Are you comfortable with what you perceive to be the plan?

General PEAY. I think that at the end of the day, they are always going to fix the readiness piece. That may be the concern. They are going to fix the near-term readiness piece. When I was the vice and the desk operations in the Army, that's what we always did.

We would put the money to fixing the problem at hand. The trouble is, and I think probably—I read their testimony, but I guess they probably said yesterday that we are mortgaging the future. Maybe that is too harsh. That is the concern I know I always had as the vice in the operations in the Army.

Mr. DELLUMS. There have been a number of anecdotal incidents alluded to regarding readiness over the past several weeks and few months. I would like you, for the record, to tell us whether your command has been adversely impacted by these so-called anecdotal readiness incidents that are currently a significant part of the debate around the national defense policy?

General PEAY. Sir, I would have to ask that you give me some examples. One thing I found out when I went down to Tampa, I lost visibility of all of this anecdotal business that is in the Washington area respectfully.

Mr. DELLUMS. But that is an answer. I will just leave it right there.

If it is not on your plate as a major priority issue, then I think the answer is that these anecdotal issues have not created a problem in your command regarding readiness and preparedness. Would that not be a fair statement?

General PEAY. Yes. The trouble is, my focus is on different things.

Mr. DELLUMS. Sure.

General PEAY. I am working systems, sustainability, lift, theater missile defense, combined and joint operational procedures. That is where my focus is. I have got all of the confidence in the world that all of the service Chiefs will provide ready forces.

I think that will be done. What I do not have confidence in is what happens to limited dollars over the 5- and 10-year period.

Mr. DELLUMS. What is the single greatest threat to stability in the region that you have responsibility for?

General PEAY. The threat today is that tomorrow morning Saddam could come again. So, we are going to have to respond to it. We will be able to respond to it, but that is the threat. The proliferation threat of missiles that can carry chemical, biological, nuclear whether it is dumb cruise, ballistic or UAV in nature, that clearly is the threat that is on our plate in the very near future.

Mr. DELLUMS. In the previous question you pointed out that a major part of your responsibility is logistical issues, et cetera and you work with other foreign commands regularly. Is that correct? You work with military leaders in other countries.

General PEAY. Yes, sir, we do that very closely.

Mr. DELLUMS. Would you comment again from your experiences? There is another debate emerging here, very significant, about the issues of command and control.

Some of my colleagues are raising the question about whether U.S. forces are to ever be under foreign command at one level or another. Could you comment generally based on your experiences?

General PEAY. When we set the Somalia task force that is off Somalia today for the operation that hopefully will be concluded at the end of this month, the early part of next week or next month, we ensured that our soldiers would stay under national command; national authority to myself, to Admiral Scott Redd to General Tony Zeni, right on down the task force. So we set up a national command line.

It is a coalition force. All of the other countries, the five or six countries that are providing forces, a large number by Italy, their forces stay under their national command.

The process, through agreement, is one that ensures unity of effort with operational command, operation and control, temporarily placed under U.S. command, but national command through unity of effort and understanding, remaining under their national countries. At least so far, that has worked very, very successfully.

Mr. DELLUMS. Thank you very much, general.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. I wanted to at least say a few things before we conclude the hearing if no one else has anything to say.

First of all, general, obviously you have potentially the hottest spot I think to deal with in this world that we are confronting.

You and I chatted a little bit about it before. Historically, the British, I guess, were stability in that part of the world up until about 1970, somewhere along there. They decided to leave.

A vacuum was created and we were given the opportunity to step in and bring some stability as far as I am concerned to that part of the world. We did not do a whole lot. We were hesitant about it I guess. We were offered all of that big base the British had as I remember.

I was over there talking to them. We did not want to take that on. So, we just took a small, little part there for our Middle East Command. We have stepped in to fill that vacuum now. We were hesitant at first, but more later on.

The end of the cold war brought a different set of circumstances. People started moving, as you indicated and all kinds of things. The Middle East fundamentalism takes root. The proliferation of arms; the oil money and all of the rest brings this to be a very volatile place as you have suggested.

Then along comes Desert Shield, Desert Storm. As far as I am concerned, that was our great test. Everything went just right, except for some people that we lost, which is always as you indicated tough.

The point I am trying to make is, I do not think we can expect that kind of thing to happen in the future. We had time to get there. We did not have to fight through any submarines or air. We were able to get there and even train after we got there to make up for deficiencies and those things.

We had a technology age that helped us. Everything more or less fell into place. I do not think we can expect the same thing to be true in the future, even though they have reduced force now, Iraq or some other people that we have to deal with.

The problem is they have learned from that experience and we should have learned too. They would learn that they cannot give us time to get there. I think this has been brought out this morning by some of the questions; prepositioning and things you have talked about and McHale has talked about. Those things helped.

We did not have as much of that. Our technology of course has improved even since then. On the other side of the ledger, we have gone down in capability. I think you always refer to this yourself and others have too. We have these enhancements that we need, the lift, the prepositioning even more than we have now and the missile defense.

I look back now during those television nights when the missiles were coming in and all of the anxiety of whether they were going to intercept them or not, we have come a long way since then. They have come a long way since then.

The weapons have proliferated more; more advanced. Our capacity to deal with them might be better now, but we need to do more in that respect.

In short, what I am saying is it is a different ball game now. If we do not do more to get better prepositioning, get better lift capability and the missile defense and all of these things you indicated because we are downsizing all of the time.

We do not have the lift capability we had back then. We have it coming on in the future. You keep referring to modernization. That is the key to it. We cannot wait for later on in the year 2000 to modernize. We have lost the ball game by then. We cannot catch up.

That was just a comment I had to make. We have to go vote. You do not need to answer. We appreciate your effort and we will let you go early. I appreciate everybody's attention. Thank you.

[Whereupon, at 12:10 p.m., the hearing adjourned.]

[The following questions and answers were submitted for the record:]

**Question No. 1.** The February 15 edition of "Defense Daily" reported, General Peay, that you believe that the U.S. military would be able to fight and win two MRCs as long as certain force enhancements would be available in the FY '99-01 timeframe.

In your judgment, are the programs and associated funding in place to ensure that fielding of these force enhancements in the time required?

General PEAY. [Deleted—CLASSIFIED INFORMATION.] Generally, the programs and associated funding are in place for prepositioning; program resources are varied and maturing for C<sup>4</sup>I, theater missile defense and PGMs. [Deleted—CLASSIFIED INFORMATION.]

**Question No. 2.** How would you rate your ability to fight and win an MRC if these force enhancements are not available?

General PEAY. [Deleted.]

**Question No. 3.** What priority did you assign to these force enhancements in CENTCOM's integrated priority list? How did your priority listing fare in comparison to those of other commands?

General PEAY. The enhancements identified (prepositioning ashore and afloat, strategic lift, and theater missile defense) rank in the [deleted].

**Question No. 4.** Last year, GEN Hoar, your predecessor, was unequivocal that the U.S. strategic airlift capability was broken. Has it been fixed? If not, what are the short-term and long-term implications for CENTCOM?

General PEAY. We continue to be concerned about timely strategic airlift of forces and equipment to USCENTCOM's area of responsibility (AOR) to meet our mobility requirements. The C-141, U.S. Transportation Command's "core" airlifter airframe, is reaching the end of its service life. To further compound this issue, the Services' modernization equipment efforts have resulted in fielding more capable combat equipment, but equipment that is larger and heavier—categorizing it as "outsized" cargo. As the C-5 and the C-17 are the only airframes capable of carrying outsized cargo, the C-5 is picking up an increasing share of the airlift burden. A robust C-17 fleet, complemented with the right mix of Non-Developmental Airlift Aircraft (NDAA), would greatly expand both capability and operational flexibility. We are hopeful that decisions made at the Defense Acquisition Board (DAB) Milestone IIIB meeting in November 1995 will resolve our long term airlift problems.

**Question No. 5.** Your prepared statement makes it clear that you strongly believe that three brigade sets of prepositioned equipment, giving you the capability to rapidly deploy an armored division, are necessary for successful defense of the Arabian Peninsula.

Have the Gulf States been cooperative in allowing the U.S. to preposition equipment? Also, please describe how the arrangements with the host nations are structured?

General PEAY. We maintain our first access agreement with Oman (1980), which allows the U.S. to preposition substantial Air Force material in their country. Besides the access agreement with Oman, we currently have Defense Cooperation Agreements (DCAs) with Kuwait, Qatar, Bahrain and the United Arab Emirates. Kuwait has clearly been very cooperative since the end of Operation DESERT STORM, and is now the site of our first heavy brigade set prepositioned ashore. Bahrain is presently hosting operational and medical material for the Navy, Air Force and Army, and supports a forward Naval Forces-Central Command (NAVCENT) site. [Deleted—CLASSIFIED INFORMATION.] While we do not maintain a DCA with Egypt, they do support U.S. forces in the region under an exercise agreement and host a small amount of prepositioned bare base set equipment. [Deleted.]

[Deleted.]

As you might imagine, the U.S. enjoys significantly improved cooperation since Operation DESERT STORM. The host nation agreements are structured so that U.S. sovereign rights to the equipment are recognized, and are structured so they enable us to substantially increase the amount of equipment we have in the region as necessary.

*Question No. 6. How has U.S. response time been enhanced through this prepositioning efforts?*

General PEAY. Overall, your prepositioning program has significantly improved our ability to respond quickly to the threat of armed conflict in our area of responsibility (AOR). For example, a generic U.S. Air Force fighter squadron normally requires 3,500 short tons of cargo to be airlifted to the AOR. [Deleted.] This significant decrease in airlift cargo requirements means that we can deploy and subsequently employ our fighter squadrons more rapidly and in greater numbers with the same availability of airlift.

Ground force prepositioning enhancements have also reduced our response time. With no ground force equipment prepositioned ashore, it takes [deleted.] With an Army brigade set prepositioned ashore in Kuwait (AWR-5), combined with Army Afloat Prepositioned equipment (AWR-3) and USMC Maritime Prepositioned (MPSRON #2) equipment, [deleted.] Personnel are flown into theater to join with the prepositioned equipment that would be off-loaded prior to their arrival. [Deleted.] This concept also frees up the shipping to move additional heavy divisions to the AOR. These two examples illustrate some of the benefits of our prepositioning strategy. [Deleted.] This concept worked well during Operation VIGILANT WARRIOR and was a major factor in deterring the Iraqis from venturing any further south to threaten Kuwait's sovereignty and U.S. vital interests.

*Question No. 7. Has the prepositioning program been adequately funded in the 1996 budget?*

General PEAY. The prepositioning program is adequately funded in the Fiscal Year 1996 MILCON budget. The Army budgeted \$48.1 million for the first phase of a three year program to build warehousing for the second brigade ashore. The Air Force has requested \$17.1 million in the budget for similar prepositioning facilities.

*Question No. 8. You identify sealift as another essential component of U.S. strategy in CENTCOM. DOD has embarked on a multi-year program to provide the sealift necessary to meet strategic mobility requirements. Unfortunately, several factors seem to be pushing the completion of the acquisition program farther and farther into the out years.*

How much of a problem is the delay in the completion of the strategic sealift modernization program?

General PEAY. Continued delays in completion of the strategic sealift modernization program is of significant concern. The capability to transport vast quantities of force structure from CONUS to CENTCOM's area of responsibility (AOR) is a fundamental precondition to our planning. Completion of the on-going program depends upon the full support of three critical sealift programs, each of which is instrumental in the overall effort.

The first is the Large, Medium-Speed Roll-On/Roll-Off (LMSR) ship acquisition schedule. To meet the total Mobility Requirements Study (MRS) recommended surge requirement level, it is essential that the eleven surge and eight prepositioning LMSRs remain on the current acquisition track. Second, the goal of thirty-six Roll-On/Roll-Off (RO/ROs) in the Ready Reserve Force (RRF) is also key to fulfilling our surge lift requirements. We currently have twenty-nine of the thirty-six. We cannot afford another delay in the buy of the seven additional RO/ROs for the RRF. Finally, continued cuts in RRF readiness (Operations & Maintenance) funding are driving our sealift program back to pre-DESERT STORM levels. Reduced funding levels have degraded RRF readiness and threaten our ability to deploy, employ and sus-

tain any sizable force in response to a regional contingency. If any component of the strategic sealift modernization program is not fully supported, the resulting deterioration of our sealift capability will reduce USCENTCOM's overall deployment flexibility.

**Question No. 9.** During Operation Vigilant Warrior—the deployment of an Army brigade to Kuwait last fall—at least four of the Army preposition ships carrying supplies to the Gulf broke down. According to media reports, the Chief of the Military Sealift Command said that the poor performance of the ships highlighted serious problems in the Army's prepositioning program.

Do you agree with the Chief of the Military Sealift Command?

General PEAY. We do not have any direct visibility over the maintenance of these prepositioning ships. Accordingly, this question would be best asked of the Commander in Chief, U.S. Transportation Command (USCINCTRANS).

**Question No. 10.** How do you assess the overall Army prepositioning program?

General PEAY. Prepositioning in the Central Region only represents a portion of the Army's program. Accordingly, this question would be best referred to the Chief of Staff of the Army.

As regards the Kuwait brigade (AR-5), superb work has been done since Operation VIGILANT WARRIOR to expedite its readiness ahead of schedule.

**Question No. 11.** What changes, if any, would you recommend be made to it?

General PEAY. Again, prepositioning in the Central Region only represents a portion of the Army's program. Accordingly, this question would be best referred to the Chief of Staff of the Army. I favor three (3) Brigades and a Division Base stationed ashore to respond to threats in the theater. The Brigade afloat (AR-3) offers increased flexibility.

**Question No. 12.** Your prepared remarks call for "enhanced theater missile defenses and spaced-based capabilities" to protect U.S. forces in theater. You also say that the priority over the next ten years should be to establish a "multi-layered missile defense," as well as other capabilities including a space-based missile tracking system.

Given the Department's current budget program, when do you expect that CENTCOM will have the necessary capability?

General PEAY. [Deleted.]

Defense against theater ballistic missiles with WMD capabilities depends on engaging the missiles as far from their targets as possible. Under the current budget, we should have a moderate attack operations capability against mobile tactical erector launchers (TELs). [Deleted.]

[Deleted.] As a final thought, we must be careful not to permit our theater missile defense (TMD) systems to stagnate. As threat systems become more sophisticated, our defenses must be kept one step ahead.

**Question No. 13.** Until such a missile defense system as you describe is provided, what risks will U.S. and allied forces in theater be exposed to?

General PEAY. Potential belligerent states in the Central Region already possess ballistic and/or cruise missiles, and most are seeking to improve their capabilities. Some nations are pursuing nuclear, biological, and chemical warheads in an effort to offset current missile inaccuracies. Without an effective missile defense system, U.S. and Allied forces will be vulnerable to missile attacks. Ports and airfields, essential for deploying forces to the area, will be targeted for missile strike. At the very least, operations will be hampered and additional resources expended during missile attacks.

Allies will look to a U.S. theater missile defense (TMD) umbrella for protection as a symbol of U.S. commitment to their national security. Some allies may reconsider aligning with the U.S. if such an umbrella commitment is lacking.

**Question No. 14.** In addition to deploying a theater ballistic missile defense system, how else should the U.S. offset the growing proliferation of weapons of mass destruction?

General PEAY. Proliferation of weapons of mass destruction (WMD) should be addressed with diplomatic, political, economic, and only as a last resort, military responses. Because of the difficulty in detecting and countering WMD, deterrence and prevention foster the best hope for countering proliferation. Nation states which develop or deploy WMD, despite our best efforts to prevent proliferation, must understand the consequences of threatened or actual use against U.S. and allied interests. [Deleted.]

Of course, the primary means of countering WMD remains preventing proliferation, and should that fail, deterrence.

**Question No. 15.** The friendly fire incident in Northern Iraq that involved two F-15s shooting down two U.S. helicopters caused a major loss of human life and major international embarrassment for the U.S.

**What actions have you implemented within your AOR as a result of lessons learned from this incident?**

General PEAY. Upon Secretary of Defense (SECDEF) Perry's direction to suspend the existing rules of engagement (ROE) on helicopters that violate the no-fly zone, USCINCCENT directed elements under U.S. Central Command to review the current ROE and has subsequently amended the ROE for the entire Southwest Asia Region. Actual practice in Operation SOUTHERN WATCH (OSW) was already in consonance with the change, but the review resulted in a consolidation of all SECDEF and USCENTCOM changes into a single source document.

The Joint Task Force-Southwest Asia (JTF-SWA), a command structure for ongoing operations in the Central Region (excluding Operation PROVIDE COMFORT in Northern Iraq), conducted and forwarded results of their Operations Review Day. The objective was to identify and correct procedures or policies which could contribute to a similar incident in OSW. The review concluded that existing procedures and policies were sound. Some administrative corrections to written procedures were made by the JTF-SWA staff. Additionally, USCENTCOM, USCENTAF, and JTF-SWA reviewed their procedures for the turnover of personnel. Reviews validated that a detailed program had been established to ensure the effective transition of commanders, staff personnel and operation forces. USCENTCOM and USCENTAF's review of JTF-SWA operations also determined that OSW procedures were doctrinally sound and being conducted in accordance with published joint doctrine.

We have also instituted the Chairman, Joint Chief of Staff's initiative to increase the effectiveness of MODE 4 Identification Friend or Foe (IFF) hardware throughout the U.S. armed forces. This initiative directs that every MODE 4 equipped fixed and rotary wing aircraft have an operable MODE 4 IFF to conduct its mission.

**Question No. 16.** One of our major problems of readiness and quality of life for our military personnel is excessive operations and personnel tempos due to a reluctance to change traditional deployment patterns even though we've reduced budgets and people.

Is it necessary to maintain a significant aircraft carrier presence in the Arabian Gulf while we have full and unhindered ability to operate land based aircraft from locations in GCC nations?

General PEAY. Our ability to operate land based aircraft from the Gulf Cooperation Council (GCC) countries has been and remains subject to the sovereignty rights of the host nations. While we have been very successful operating land based aircraft [deleted] basing aircraft on land does not always allow the full and unhindered operations available from carriers. Additionally, carriers provide capabilities that our limited land based aircraft presence cannot provide.

[Deleted.] Accordingly, aircraft from the carrier wing are normally used for the 30 exercises conducted with GCC countries each year.

Additionally, the aircraft carrier, when operating in the Gulf, normally supplies an average of 50% of the Operation SOUTHERN WATCH (OSW) sorties. This enables land based aircrews to fulfill maintenance, training and safety requirements.

[Deleted.]

The aircraft carrier also brings unique capabilities not otherwise available. [Deleted.]

**Question No. 17.** Certain elements of the services are experiencing more stress than others due to the high tempo of operations. Air Force AWACS and aerial tankers come to mind.

What units or capabilities have you identified as the most stressed in meeting operational requirements?

General PEAY. USCENTCOM's five most heavily tasked skill specialties are: Airborne Warning and Control System (AWACS), reconnaissance aircraft, PATRIOT missile batteries, naval surface combatants, and Amphibious Ready Groups (ARGs).

Due to the demands identified for these skill specialties in our operational plans, and the asset scheduling problems experienced by Service force providers, we anticipated no relief for these units over the near term. However, we are sensitive to the problem and will continue to evaluate our requirements on a periodic basis.

**Question No. 18.** What have you done to relieve or reduce the OPTEMPO?

General PEAY. We are aware that certain elements of the services are experiencing more stress than others due to the high tempo of operations. In January 1995, citing world-wide pressure on Airborne Warning and Control Systems (AWACS) crews, the Joint Staff requested USCENTCOM conduct an AWACS requirements review to determine the feasibility of redeploying one AWACS aircraft and one crew to homebase. After a review of our requirements and a period of mission assessment with a reduced AWACS force structure, USCENTCOM agreed to redeploy one AWACS aircraft and crew to home station. Such reviews are conducted on a similar basis for all deployment requirements.

**Question No. 19.** What is the impact on readiness of these units with regard to their ability to respond to an MRC?

General PEAY. As you know, the Services are charged with the responsibility to train, man and equip units, and to maintain the units' readiness to fight. From our experience, the readiness of the units mentioned to respond to a Major Regional Conflict (MRC) has been adequate to meet our known and expected requirements.

**Question No. 20.** Your opening statement speaks of the resounding success of the recent Operation Vigilant Warrior during which U.S. armor and mechanized infantry from Ft. Stewart, Georgia, rapidly deployed to Kuwait. As you know, however, those units were not nearly as ready as they might have been. The units' training cycle had been curtailed by funding shortfalls during FY94. In fact, some of the platoon leaders who deployed to Kuwait had never been to the field with their units.

Does such an occurrence concern you?

General PEAY. We are not alarmed by limited occurrences of platoon leaders not having served in the field with their units prior to deployments. However, we are concerned by funding reductions that limit the Services' ability to train their units.

During Fiscal Years 1994 and 1995, U.S. armed forces experienced an extremely high operational tempo. Our Service Component Commands have indicated that during Fiscal Year 1994, training opportunities were missed because supplemental funds were not available to pay for unexpected operations in locations like Somalia, Rwanda, Haiti, and other places. In Fiscal Year 1995, planning and requests for reimbursement of Operations and Maintenance (O&M) funds used for real-world operations were made with sufficient time to avoid curtailing training due to insufficient training funds. We urge Congress to approve the Department of Defense's request for those supplemental funds to restore our Service's critical O&M training funds.

**Question No. 21.** What system do you have for assessing the readiness of forces that are provided to CENTCOM? How effective is that system?

General PEAY. Unit readiness is a service responsibility, and we rely on the Services and U.S. Atlantic Command (USACOM) to prepare and provide us with trained and ready forces. We maintain close coordination with USACOM and other force providers to ensure proper and ready forces are delivered when required. [DELETED.] The readiness of forces provided to us is assessed using situation reports (SITREPs) submitted by those forces. The Chairman, Joint Chiefs of Staff (CJCS) has also developed a reporting system designed to assess unit and joint readiness that includes monthly input from the Services and combatant commands. To date, we have been satisfied with the effectiveness of these reporting mechanisms. Further details on their accuracies may be available from USACOM and JCS. In all cases to date, USCENTCOM has received well-trained and ready forces for all contingencies.

**Question No. 22.** Contingency operations appear to be changing in nature from short-term, in and out operations, to semi-permanent, longer duration operations which are hard to terminate quickly.

What is the annualized cost of Operation Southern Watch and what is the impact of that cost on CENTCOM?

General PEAY. The annualized (average) cost for Operation SOUTHERN WATCH from Fiscal Year 1993-1995 (in Fiscal Year 1995 dollars) is \$516.8 million. This does not include the \$7 million (approximate) of Assistance-in-Kind (AIK) provided by Saudi Arabia each month to U.S. forces involved in Operation SOUTHERN WATCH.

This cost is provided in constant year dollars using inflation rates provided by the OSD Comptroller, and does not take into effect the impact of force structure and operating tempo (OPTEMPO) changes. The impact of Operation SOUTHERN WATCH on Headquarters USCENTCOM has been minimal since the Service Component Commands and Defense Agencies are responsible for funding their own participation.

**Question No. 23.** What is the strategy to extricate our substantial military commitment to Operation Southern Watch?

General PEAY. Our commitment to Operation SOUTHERN WATCH (OSW), provided by our Joint Task Force—Southwest Asia (JTF-SWA) forces, will most likely remain for the foreseeable future.

The current threat in the region, as evidenced by Iraq's actions in October 1994, underlies the requirement for a forward presence capability provided by Operation SOUTHERN WATCH forces. JTF-SWA supplies an albeit small forward command and control element that facilitates a timely, coordinated transition from peace to war. [Deleted.] Furthermore, the termination of OSW fails to negate the requirement for the strike capability provided by JTF-SWA. [Deleted.]

**Question No. 24.** How does this changing nature of operations other than war affect both short-term and long-term concerns with respect to readiness? With respect to your ability to divert forces to another MRC?

General PEAY. The combat readiness of Combat Arms units that have participated in a peace operation and missed training on their wartime Million Essential Tasks is a concern. The amount of time such unit participates in an action, like Haiti, would be the determining factor for whether the unit required retraining.

Other factors to consider are the type of unit deployed and the nature of the peace operation. For instance, if the mission mandated a peacekeeping role from a light infantry unit, as in Operation RESTORE HOPE, that unit may not require retraining.

We are continuing to examine our ability to withdraw forces from an on-going peace operation and divert them to an MRC. [Deleted.] DoD continues to examine "offsets," such as allied, coalition or contract support, and Reserve Component forces to replace "one-of-a-kind" units like the Army's 7th Transportation Group. We have also learned we cannot categorically answer "how many" forces, including "below the line" Combat Service Support forces, would have to be withdrawn from such peacekeeping operations.

**Question No. 25.** Contingency operations appear to be changing in nature from short-term, in-and-out operations, to semi-permanent, longer duration operations which are hard to terminate quickly.

How has the recent high level of operations affected your ability to conduct training and joint exercises? How many joint exercises have been canceled?

General PEAY. During Fiscal Year 1994 and 1995, there have been multiple occurrences of contingency operations forcing changes to our assigned Marine Expeditionary Unit's (MEU) training and exercise program, in turn affecting our overall training & joint exercise program. All of the exercises planned for the TRIPOLI Amphibious Ready Group (ARG), with the 15th MEU Embarked, were scaled down or cancelled. In October 1994, the MEU's first opportunity to train and exercise as a combat arms team was cut short so that it could redeploy as part of Operation VIGILANT WARRIOR (OVW). Similarly, all the training and exercises scheduled from mid-October through November 1994 were cancelled to free up forces required for Ovw. In January and February 1995, MEU training and exercise opportunities were again modified to accommodate contingency operations for Operation UNITED SHIELD. One exercise, EDGED MALLET in Kenya, was completely lost. In the past year, a total of 16 opportunities, four of which were joint force exercises, were lost due to contingency operations. Ovw alone caused the loss of 15 opportunities.

**Question No. 26.**

Mr. SKELTON. Could you provide an assessment of the state of the India-Pakistan conflict?

General PEAY. [Deleted.]

**Question No. 27.**

Mr. EDWARDS. (a) What is the status of Saddam Hussein's military today compared to its status prior to Desert Storm? (b) If Saddam Hussein today were to again launch an attack and try, without pausing, to reach the Saudi oil fields, how would we respond and how effective would be that response?

General PEAY. The Iraqi military today comprises fewer units, personnel, and equipment and has generally older and more badly worn weapons systems than before 1991. These shortfalls reduce, but do not eliminate, Iraq's potential as a regional threat. Despite Gulf War losses and postwar sanctions, the Iraqi military remains one of the region's largest and most capable. [Deleted.]

**Question No. 28.**

Mr. WELDON. Given that the Iranians as well as other countries acquiring submarines and other sophisticated weaponry, what is the U.S. capability to deal with the increasingly complex situation created by this enhanced technological capability?

General PEAY. With our technological lead, the United States can prevail over any forces in the Central Region, but getting to the Gulf represents an imperative that must be addressed.

[Deleted.]

Achieving this capability involves development and acquisition of several key "enablers": propositioning of equipment, strategic lift, theater missile defense, and improvements in C<sup>4</sup>I.

Central Command's strategy calls for the equipment of an Army heavy division to be prepositioned in the region, to serve as a blunting force against any belligerent forces in the Gulf. The division, or three brigade sets, must be located within the response time required to stop any hostile forces from threatening U.S. vital interests in the Gulf. We currently have one brigade set nearing completion in Kuwait.

[Deleted.] The location of a third set has yet to be determined. Not only does pre-positioning improve our response time, but also provides deterrence to belligerent forces and a show of U.S. commitment in the region. Even with a full division prepositioned, the U.S. is still dependent on strategic lift to eventually win any conflict in the region. [Deleted.]

We must also continue to develop and field modern protective clothing and masks, inoculations against biological agents, chemical warning devices, and decontamination equipment.

Through the combination of passive, defensive, and attack systems, the United States can deter conflict and prevail in combat, if necessary.

*Question No. 29.*

Mr. LONGLEY. (a) What is Saddam Hussein's capability to move quickly with little or no warning south into Saudi Arabia? (b) If Saddam Hussein pursued such a strategy, what capability does the U.S. possess to delay, halt or defeat the Iraqi force prior to the arrival of significant U.S. ground forces and prior to the Iraqi's reaching their critical objectives?

General PEAY. [Deleted.]

Accordingly, we possess several in-place deterrent forces intended to play a significant role in the early defense of Kuwait or Saudi Arabia prior to the arrival of follow-on U.S. forces. First, [Deleted.]

*Question No. 30.*

Mr. MCHALE. Is the U.S. capable of getting our land forces ashore with sustainability if Saddam Hussein were to capture the Port of Jubail? How would our power projection capability be adversely affected by a focused and effective enemy attack upon critical port facilities in the Persian Gulf region?

General PEAY. [Deleted.]

*Question No. 31.*

Mr. DELLUMS. In talking about Operation Vigilant Warrior, you commented that the U.S. closed the force very rapidly from the United States into Kuwait. You also said that if the U.S. had more power projection capability—strategic air and sealift, as well as more prepositioned equipment—then U.S. forces could have closed more quickly. How much more quickly and to what degree would the efficiency of the projection of forces been improved?

General PEAY. As I have stated before, I view power projection as the synergy created by three components: prepositioning, airlift and sealift. These components affect the efficiency of our power projection in several ways.

First, prepositioning. The establishment of another prepositioned heavy brigade equipment set on the peninsula would permit us to standup a reinforced heavy division [deleted]. Having a ground force of this size, with its inherent capabilities, [deleted] would give us a credible "Deter/Defend" force much earlier than a CONUS deployment would permit. [Deleted.] As stated earlier, the added punch we get with the Maritime Pre-positioned Force (MPSRON #2) and the Army Afloat Pre-positioned Ships (AWR-3) [deleted] allows other critical forces to be lifted into theater. [Deleted.]

Second, airlift. We need the C-17 in larger numbers now. Because of accelerated C-141 retirements, we are using the C-5 as the "core" airlifter. [Deleted.]

Finally, sealift. A more concerted effort needs to be made in funding the Operation & Maintenance (O&M) accounts of the Military Sealift Command (MSC) fleet. Delays from poor Ready Reserve Fleet (RRF) performance during a crisis operation could make a critical difference in our ability to prosecute a credible defense of the Arabian peninsula.



**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, UNITED STATES FORCES, KOREA/PACIFIC COMMAND [USFK, PACOM]**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
*Washington, DC, Tuesday, February 28, 1995.*

The committee met, pursuant to call, at 9:30 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. The meeting will please come to order.

We have a slack attendance this morning. People are at other meetings and so forth. They will be probably wandering in.

Today, we want to continue our hearings on the fiscal year 1996 defense budget by focusing on the Asia-Pacific region. I want to welcome our distinguished witnesses: Adm. James Macke, Commander in Chief of the United States Pacific Command and General Gary Luck, Commander of the United States Forces in Korea.

The creditability of our military posture in the Pacific is critical to the protection and promotion of the United States' national interest throughout the region. As such, I look forward to our witnesses' testimony this morning.

During the hearing, I am sure that a number of important issues will be raised. I would like to focus on three in particular. The first is, how ready are our military forces? Often when I raise this issue, I get the question, ready for what? While the issue is complex, the answer is not.

In the Asia-Pacific region, as elsewhere, this means having forces that are not only ready to quickly deploy and fight, but also possessing the lift, logistical support and modern equipment essential to success on the battlefield.

As the Senior Operational Commanders in the region, I look to our witnesses' candid assessment of how well not only the 1996 budget, but also the 5-year plan supports being able to fight and win a major conflict in your area of responsibility.

I am especially interested in both of your assessments of the impact that deploying significant elements of the Pacific-based 25th Infantry Division to Haiti will have on your ability to execute a major regional contingency in the Pacific. Port-au-Prince is a long way from the DMZ in Korea. The skills required to control crowds in Haiti are quite different from those required to repel a North Korean invasion of the South.

Second, I remain deeply concerned about the high level of tension on the Korean Peninsula. While some believe that last October's United States-North Korea nuclear framework agreement had resolved worries over North Korea's nuclear program, I am not so sure.

In my view, this agreement sets a dangerous precedence of rewarding would-be nuclear proliferates for violating international nonproliferation agreements. It also requires that the United States and its allies give a lot up-front while granting North Korea the better part of a decade to come clean on its past nuclear activities and to dismantle its nuclear infrastructure.

The agreement does not even address North Korea's long-range missiles or their potential export to pariah states such as Iran.

Let me also state that I object to the use of scarce defense dollars to provide North Korea with fuel oil. Moreover, we now hear that some of it may have been diverted to a plant associated with producing military equipment. This, together with the North's refusal to accept South Korean reactors, calls into question North Korea's commitment to complying with either the letter or the spirit of this questionable framework agreement.

North Korea today retains the capability to initiate a short or a no-warning attack against the South. As far as I am aware, the North has taken no steps to reduce its forces along the DMZ and may have enhanced their front-line forces since the nuclear agreement was signed.

For all of the above reasons, I am especially interested in hearing General Luck's views on the state of preparedness of the Combined United States and South Korean Forces to deter and repulse an attack from the North, and any steps we might need to take to bolster our forces now or in the future.

Finally, I am interested in determining to what extent China poses a near- or a long-term threat to a broad range of our interests in the region. As my colleagues know, China has underway a major military modernization effort. According to some reports their defense budget will likely double within the next decade. They appear to be placing emphasis on improving their nuclear arsenal and their ability to project power throughout the region. When combined with a highly uncertain leadership transition, this suggests to me that the developments in China bear even closer scrutiny in the years ahead. Admiral Macke, I hope you will devote some of your opening statement to addressing this important topic.

Before proceeding, I would like to recognize my colleague, the distinguished gentleman from California, Mr. Dellums, for any remarks he would like to make.

**STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. Thank you very much, Mr. Chairman. I join you in welcoming our two distinguished witnesses this morning, Admiral Richard Macke and General Luck, to today's hearing on the defense authorization request.

The area of responsibility which comprises your respective commands is one of the most dynamic and growing regions of the

world, while at the same time it can be volatile and often extremely tense.

The Nation and the world witnessed, in graphic detail, last year just how tenuous relations can be in that part of the world. The sharp conflict over a suspected nuclear weapons program in North Korea brought on a level of international strain which almost reached the breaking point.

There were daily accounts of accusations, counter-accusations and threats of sanctions as war talk reached a fever pitch. The international media participated in conjecture over what attack plans might be used and discussed the predictions of how many hundreds of thousands, even millions of lives might be lost in armed conflict if it erupted. Unlike the Persian Gulf, armed conflict in Korea would force armies up against each other in narrow mountain passes with incredible carnage resulting.

There was chilling discussion of the means of destruction that would be deployed, which included the usual conventional weapons as well as the possible use of chemical and biological weapons. Civilian casualties would have been unthinkablely high.

It is my position that there was only one sane solution to such a situation and thankfully that is what happened next. A diplomatic accommodation was reached and the war talk subsided. In fact, though there is a cost involved, I would say to my colleagues it was far the least expensive and probably the most durable option of all which prevailed.

Today, that accommodation continues to hold. The problems on the peninsula continue to exist. Here and around the world the continued search for diplomatic solutions to economic, social, political and military problems need to be vigorously pursued.

In the context of this committee my colleagues and I continue to search for an appropriate funding profile for the U.S. military in this clearly changing world. We seek to understand both our current and long-term needs, as well as how our initiatives will either contribute to or detract from creating stability in regions such as that under the Pacific Command.

In that regard, we find your experience and your opinions highly valuable. We welcome your testimony and your insights and comments in response to the questions of the committee.

With those brief opening remarks, Mr. Chairman, I would yield back the balance of my time.

**THE CHAIRMAN.** I thank the gentleman. I want to note in advance that Mr. Dellums and I are going to have to depart sometime later this morning to make an appearance before the House Oversight Committee on our committee's budget.

We will go over and try to come right back. I will turn the gavel over to the ranking member on our side, Mr. Stump, the vice chairman.

Admiral Macke, please begin followed by General Luck. Without objection, both of your written statements will be submitted for the record.

**STATEMENT OF ADM. RICHARD C. MACKE, U.S. NAVY,  
COMMANDER IN CHIEF, U.S. PACIFIC COMMAND**

Admiral MACKE. Mr. Chairman, thank you very much.

It is an honor to be here today and represent the over 300,000 soldiers, sailors, airmen, marines, and coast guardsmen of the Pacific Command.

I would like to start, sir, with my bottom line. My two priorities of CINCPAC are war fighting and people. At the end of the international economic analysis, the careful political military considerations, and all of the strategic military planning, the fundamental business of the Pacific Command is war fighting.

To me, war fighting is readiness. That is my constant focus. People are an extricable part of that focus. It was not just our technology. It was not just our equipment and it was not just our doctrine that won the cold war and won Desert Storm.

It was the excellence of our people. Just as my war fighting relies on readiness, my people priority is based in quality of life. We must sustain the programs that ensure an adequate quality of life for these extraordinary young men and women. The remarkable economic growth that we see in the Asia-Pacific region has been termed an economic miracle. I do not deny that. I also believe that it is a security miracle.

The extraordinary economic performance rests on a foundation of stability and regional security that is underwritten by the visible forward presence of capable American forces.

Pacific Command has a comprehensive theater military strategy called cooperative engagement. It is explained in my written statement and I will not go into detail. There are a couple of points that I would like to emphasize.

The first is forward presence. As I travel throughout the region, the first question from virtually every senior military and civilian leader that I talk to is, will you stay engaged? They want us to stay engaged in the Asia-Pacific.

Because of the tyranny of distance imposed by the vastness of the Pacific and Indian Oceans, any claim to be a legitimate Asia-Pacific power would rank hollow in the absence of visible, tangible and capable forward military presence.

One of the more effective manifestations of our presence is an extensive program of foreign military interactions. The Asia-Pacific is remarked by incredible diversity. Individuals have different cultures, different values, different ethics.

Military professionals share a bond of military experience that allows them to communicate quite effectively. I have certainly found that in my personal experience in talking with leaders of the Chinese Peoples Liberation Army and when I went to Hanoi and talked with former adversaries there.

We gain a tremendous strategic leverage from these low-cost high-payoff interaction programs that employ our key strategic advantage, our people. I would call your attention to the International Military Education and Training program or IMET as it is known.

The funding for this program is not within the jurisdiction of this committee. Certainly the impact of that program is of direct interest to this committee. IMET is the training of young foreign military and civilian leaders in the United States.

It is impossible to overstate the strategic leverage that this program provides for an extremely low cost. When I meet General

Borhaan, the former Chief of the Malaysian Defence Force, he spends 20 minutes talking about his time at Fort Bragg and that when he finished his tour and retired, one of the first things he wanted to do was to return and retrace his footsteps in the woods down there.

When you sit with General Waymaan, the Chief of Staff of the Royal Thai Army, he has his seven senior leaders sitting next to him. This is the leadership of the Thai Army. Every one of them is an IMET graduate. When you talk to President Ramos in the Philippines and you recognize that he is a West Point graduate, you know that he understands American values and American ideals.

In Northeast Asia, the former Defense Minister of South Korea, Mr. Rhee, and the current Chairman of the Japanese Staff Council, General Nishimoto, classmates at Carlyle, the Army War College at Carlyle. By the way, another classmate of theirs was Lieutenant Gen. Glenn Marsh who is the Commander of ICORPS now and has responsibility for Japan.

As these IMET students return home and ascend to positions of leadership, and they most certainly do, you cannot buy for any amount of money the type of influence that we get from these, again, very low-cost programs.

IMET to Indonesia has been closed for the last 28 months. What we are looking toward a few years from now is that the military and some of the civilian leadership of Indonesia will be by people who have not been exposed to American ideals; who do not have a first understanding of how we use military forces as instruments of democracy under complete civilian control; and who do not understand our ideals with respect to human values.

It is my belief that it is a mistake to use the IMET program for short-term retribution or punishment of behavior we do not like. Rather we should use it to influence future behavior so that countries grow up to have the same sort of ideals that we do.

Mr. Chairman, you mentioned readiness and let me shift to that briefly. That certainly has received a lot of attention lately and I believe rightfully so. I had the privilege of being a test pilot early in my career. I recall the phrase "testing the edge of the envelope."

That is take an aircraft right up to the edges of its design limits to find out where those edges are. If you go outside the envelope, you may be OK. You may enter a regime from which you can recover and you can have a catastrophic failure.

I believe that the challenge in defining the edge of the envelope, certainly in flight testing, is the design engineers cannot tell you exactly where it is. They can only tell you where they think it is. Until you go out and thoroughly test the aircraft, you do not know where the edge of that envelope is.

I think that is the problem we face today in readiness. Everyone wants to know where the edge of the envelope is. Where do we break readiness? To be honest, I cannot tell you the answer to that. I think we are close to the edge. We have had some, what I would call, major buffets over the past year, but we have been able to fly out. In each case we have been able to fly out of those problems.

Today, I can tell you that Pacific Command Forces are ready. The question is, can I tell you that a year from today? My belief

is that if we maintain the amount and the integrity of the budgeted operations and maintenance funds, if we get rapid approval of the supplemental that has been passed by the House and is now over in the Senate, and if we can develop the requested readiness preservation authority that Secretary Perry has asked for to help prevent similar problems from recurring in the future, then I think a year from today I will be able to tell you again the Pacific Command Forces are ready.

Mr. Chairman, you have discussed China. I have that in my written statement. I will make a brief remark with regard to China. There is no doubt that China is modernizing and developing a more capable military with a power projection capability.

They have a tremendous economy growing somewhere around 9 percent per year. They have the money to invest to enhance their military. So, they are going to become stronger militarily. The answer to me is to engage them as partners in stability in the Asia-Pacific region.

If we can do that, then I do not see China as a near- or a long-term threat. If we isolate them, if we do not engage with them on a continuing basis across the full spectrum, not just militarily, but economically and politically, then I think we are building a future problem very similar to our cold-war problem that we had with Russia.

Mr. Chairman, once again, I need to emphasize that the quality of our people is what makes us a great military today. That is why war fighting and people are my command priorities.

Thank you very much, sir.

[The prepared statement of Admiral Macke follows:]

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STATEMENT OF

ADMIRAL RICHARD C. MACKE, U.S. NAVY

COMMANDER IN CHIEF

UNITED STATES PACIFIC COMMAND

BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE

POSTURE HEARING

FEBRUARY 28, 1995

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Mr. Chairman and Members of the Committee:

**Warfighting and People.** My priorities are Warfighting and People. At the end of all the international economic analyses, the careful political-military considerations, the strategic military planning -- the fundamental business of Pacific Command is warfighting. Warfighting is readiness -- our constant focus. But people are an inextricable part of that focus. It wasn't just our technology, our equipment, or our doctrine that won the Cold War and Desert Storm. It was the excellence of our people. Just as my warfighting priority drives readiness, the people priority demands quality of life. We must sustain the programs that ensure an adequate quality of life for our extraordinary men and women. It's not only compassion -- it's a strategic imperative.

**The Real Asia-Pacific Miracle.** The remarkable economic growth we see in the Asia-Pacific region is often characterized as an "economic miracle." I don't deny that -- but it is also a "security miracle." The extraordinary economic performance of the countries in my Area of Responsibility (AOR) rests on a foundation of stability and regional security underwritten by the visible forward presence of capable American forces and our credible security assurances. This is not merely my personal opinion -- it's the opinion of virtually every senior military and civilian leader I meet in the PACOM AOR. They are all concerned that we stay engaged in the Asia-Pacific.

**The True Nature of Stability.** The stability that underlies this security miracle is not simply "the absence of war." That type of stability is fragile and can only support short-term development: low-wage, labor-intensive economies which offer few export opportunities for the United States. We seek a long-term stability founded on shared regional confidence. Such confidence fosters market maturation -- and the demand for advanced technical services. This is a trade sector where the United States has exceptional strengths -- and it is a huge market in the Asia-Pacific region. The Asian Asia-Pacific Economic Cooperation members plan to invest \$1.1 trillion in infrastructure over the next six years. In "concrete" terms, this is the equivalent of 15 Santa Monica freeways every day. Again, this is an area in which American business can compete very effectively.

**The Stability Security Requirement.**

- Military forces must be prepared for more than "making people not do things" -- the deterrence of "threats" that characterized the Cold War.
- Military forces must be prepared for more than "making people do things" -- such as "leave Kuwait," a function we can call "compellence."
- Military forces must be able to directly reinforce the regional confidence essential for long-term stability. This function is "reassurance." Pacific Command executes all these security roles through the theater military strategy we call "Cooperative Engagement."

**Cooperative Engagement.** Cooperative Engagement is a well-established, winning, military strategy. It's a comprehensive approach that guides the employment of the entire range of military resources provided to me by the American people.

- In peacetime, we pursue reassurance through the forward stationing and deployment of our military forces, as well as a broad range of military activities. The scope and depth of this effort is remarkable. In 1994, we conducted:

- 18 multilateral conferences with participants from 36 nations
- 411 staff talks in over 28 countries
- 192 joint/combined exercises in 20 countries
- 77 humanitarian / civic action programs in 23 countries
- 606 port visits in 23 countries

Our presence and our peacetime military activities reinforce our relationships with friends and allies, reassuring them with respect to our long-term commitment, the effectiveness of our warfighting capability, and the values and quality of our people.

- In crisis, we work to deter aggression and encourage cooperation with our friends and allies. We work hard in Pacific Command to develop innovative approaches to joint and combined warfighting. We continue to train our people and our warfighting forces for effective crisis response, from minor contingencies to humanitarian efforts or disaster relief such as Operation Sea Angel in Bangladesh in 1991.

- In conflict, we remain ready for decisive "compellence" -- victory -- in combat. We are prepared to win unilaterally if necessary -- but we prefer to act together with allies and coalition partners who have a common stake in regional security. It's better, of course, to deter conflict through effective crisis response. And it's best to prevent a crisis from even arising by a broad and sustained program of reassurance that reinforces a shared regional transparency essential for long-term security and stability. But if necessary, we are prepared to win in conflict.

**Cooperative Engagement: Progress.** Since assuming my duties as USCINCPAC in July of 1994, I have traveled well over 100,000 miles to assess the progress of our Cooperative Engagement strategy and seek ways to enhance it. The following snapshots show this strategy is working. Through your continued support it will work in the future.

- Korea. U.S. military presence in and cooperation with the Republic of Korea (ROK) is the single most visible reassurance of U.S. commitment to the security of the ROK and the long-term stability of Northeast Asia. The Agreed Framework with North Korea is a significant achievement that addresses a serious proliferation threat, not only for the region, but for the entire world. It caps the North Korean nuclear program and should reduce overall tensions, permitting the North-South rapprochement to resume. The Agreed Framework is based on reciprocal performance -- a step by step approach, so we can ensure North Korean compliance.

So far, North Korea has complied with the agreement. But our experience with North Korea tells us to always "expect the unexpected." Even though their nuclear program is currently capped, the North remains a dangerous conventional threat, with over a million individuals under arms, and 65-70% of those forces within 100 km of the DMZ. They have deployed a tremendous artillery capability along the DMZ and within range of Seoul.

North Korea faces a faltering economy, international isolation, and is undergoing the first hereditary transfer of communist power. The North Korean leadership remains isolated and unpredictable. Their economy continues to deteriorate. The greatest concern of the North Koreans is survival of the regime. We must be careful not to give them the perception that their survival is threatened -- if that happens -- they might lash out. We have to deter North Korea, and if necessary, be ready to compel it. If we can improve our relations, maybe over the long term we can move to reassurance. Certainly it is unwise to do anything that would undercut our current deterrent posture. We must maintain our forces in Korea for the foreseeable future.

Meantime, the Republic of Korea is an active player in the world. They have improved relations with Russia, China, and Japan. I can't emphasize enough the care we take to ensure total coordination with our close friend and ally, the Republic of Korea.

- Japan. Our 1960 Treaty of Mutual Cooperation and Security with Japan remains a key factor to the broad sense of shared regional confidence we seek throughout the AOR. U.S. forces in Japan visibly demonstrate our commitment to the stability of the

entire region, and they are available for short-notice deployment throughout the theater. They reinforce our deterrence of North Korea's conventional threat. Frequent combined U.S. and Japanese military exercises enhance professional interaction and interoperability between our militaries. The benefit of this cooperation was demonstrated in our readiness to respond to Japanese humanitarian needs during the recent tragedy in the Kobe earthquake.

Japan is our largest overseas trading partner -- together we comprise about 40% of the global domestic product. In every respect, this is a global partnership and a remarkable demonstration of successful reassurance, in which the number one and number two economic powers in the world enjoy one of the closest treaty alliances in history. Japan pays approximately two-thirds of the non-personnel costs of stationing U.S. forces in their nation; Tokyo's support for the presence of U.S. forces will be about \$18 billion in the 1992-96 period. Japan contributes to overseas security through their overseas development assistance programs and we support their increasing role in peacekeeping operations such as Cambodia, Mozambique and Rwanda.

- **China.** With one-fifth of the world's population, strategic nuclear weapons, veto power on the United Nation's Security Council, and a dynamic economy, China is already a world power. I see our relationship with China as one of the most important considerations for our strategy of Cooperative Engagement.

China and the U.S. have many areas of complementary interest. We also face some important differences on issues ranging from

trade and human rights to security. An approach that emphasizes dialogue rather than isolation or confrontation offers the greatest promise for maintaining stability of the Asia-Pacific region.

Although the Chinese say their military is not their central priority, the Peoples Liberation Army is clearly central to all their goals: internal stability, economic progress, and external respect. That is why our growing program of reassuring military contacts with the Chinese military is so important. As China's future unfolds, the PLA will play a pivotal role. China continues to increase the pace and scope of its military modernization program, and we fully recognize the concerns of many regional nations as China's power projection capability grows. But I do not see China's military as a near-term threat to the U.S. or to our interests in Asia.

My assessment will change, however, if we choose to isolate, rather than engage and reassure China. I believe the best approach to be a coordinated engagement in the political, economic, and military arenas. PACOM is ready to play a major role in the security piece of that dialogue.

- Russia. Russia is no longer our adversary, but the outcomes of Russian political, economic, and social reforms are uncertain. Unquestionably, the failure of Russia's nascent democracy would have an enormous impact on the region and on overall U.S. defense plans and programs. Russian reforms hinge on the military. The United States encourages reform through assisting Russia to safely reduce its nuclear arsenal, help prevent the spread of nuclear technology and materials, and through military-to-military

cooperation and contacts that further professional military attitudes of subordination to democratic government. The goal is a "pragmatic partnership" which addresses U.S. and Russian security -- concerns that coincide, rather than conflict, and serve as a basis for reassurance and cooperation.

Over the last two years, we have pursued frequent military-to-military contacts with our Russian counterparts. Key to this effort is our USPACOM-Russian Far East Colonel-level Working Group. Comprised of officers drawn from PACOM staff and components, and from the Russian General Staff and Far East commands, the Group has developed annual military contact programs that include exchanges and exercises involving personnel from all four services in activities like amphibious operations (with a disaster relief scenario) or search and rescue operations. These programs have enhanced interoperability and operational awareness, and demonstrated how a military functions within a democracy -- a quiet success story. Plans are in place for 1995 and 1996; we look forward to continuing our program of cooperation and reassurance.

- **Vietnam.** The focus of our relationship with Vietnam has been the effort to achieve a full accounting for POW/MIA from the war in Southeast Asia. It is really quite a moving experience to go to Vietnam and see Americans and Vietnamese working tirelessly -- shoulder to shoulder -- to solve this problem. My assessment from talking with leaders at every level, and by going out to the field, is that progress remains satisfactory. I cannot predict the future, but I have seen nothing that would indicate cooperation will decrease when the decision is made to normalize our relations.

Regional stability will be increased by integrating the Socialist Republic of Vietnam into the family of nations. The majority of Vietnamese today were born after the war. They have no recollection of it. We can put the war behind us, without putting behind the need to achieve a full accounting for American POW/MIA.

- **Cambodia.** After 12 years of civil war, and arguably the greatest peacekeeping success in UN history, daunting challenges remain. The UN effort has produced a democracy and a military force loyal and subordinate to civilian control. This loyalty was demonstrated in the Royal Cambodian Armed Force's supportive role in quelling the coup attempt in July 1994. It is important that we sustain our efforts to ensure Cambodia is able to carry out their 1998 elections. The Khmer Rouge threat to the government remains low, but the level of assistance required for RCAF reform and reorganization remains large and beyond the capabilities of one nation. We are working in concert with other countries to provide assistance such as demining, road building, and English language training.

- **Thailand.** Our relations with this long-standing ally have been complicated over the last year. Concerns were voiced over alleged Thai assistance to the Khmer Rouge -- in fact, the Thai government has emphatically forbidden such support. We currently see no evidence of sanctioned official Thai support to the KR. More recently, the Thai government declined our request to position Equipment Afloat Ships off their shores. This was disappointing but vivid proof of the complexities of regional sensitivities. Even with all this, our treaty relationship is sound and important.

Cobra Gold is my premier combined exercise in Asia. Thailand hosted the first trilateral air exercise in Southeast Asia this January, involving Singapore, U.S., and Thai air forces. The Thai offer to provide a medical unit for service in Haiti is a demonstration of the close relationship we share.

- **Indonesia.** Indonesia is the largest Muslim nation in the world. The current leader of the Non-Aligned Movement, they have important resources and geographic position astride major international sea lanes. Our military forces enjoy solid professional relations, although the cancellation of IMET for Indonesia has been an impediment to that relationship. Reassurance activities like IMET should not be used as short-term retroactive punishment. We should remove this irritant to our military relationship by reinstating in FY96 and beyond our IMET program for Indonesia.

**The Region Overall.** This statement can not address every nation that is important to us in the Asia-Pacific region. Australia, for example, is a critical ally and traditional friend that shares our values, interests, and world view. Australia's participation in combined exercises, operation of joint defense facilities, and granting of access to U.S. ships and aircraft is absolutely essential to our forward presence. We are beginning an important dialogue with India, a country of enormous significance for the peace and stability of the region. We have recently concluded a defense agreement with Brunei, and we maintain successful periodic defense consultations with Malaysia. In the Philippines, we have put our continuing treaty relationship on a

solid, mutually supportive basis. Singapore continues to provide excellent naval and air facilities, while strongly supporting U.S. forward presence. Throughout the region, the Cooperative Engagement strategy is effectively advancing U.S. interests.

**Cooperative Engagement: Prospects.**

- **Forward Presence.** We need more than "forward presence." We require a forward capability. No diplomatic note, no political mission, no economic commission conveys the same clear message of commitment as a visible U.S. military capability. Capable forward forces send a reassuring signal to regional leaders and provide a stabilizing force among markets and along trade routes. Because of the tyranny of distance imposed by the size of the Pacific and Indian Oceans, any claim to be a legitimate Asia-Pacific power would ring hollow in the absence of a visible, tangible, and capable military presence.

Recognizing our indispensable role in the region, the ASEAN nations have stepped forward to offer access to ship repair and logistics facilities. We do not seek or need new bases to maintain long-term regional confidence and stability. Through a "Places, not Bases" pursuit of access to facilities such as ports, airfields, training areas, we can demonstrate capable forward presence without attempting to replicate our former bases in the Philippines.

- **Foreign Military Interaction.** We gain tremendous strategic leverage from low-cost, high-payoff military-to-military programs employing our key strategic advantage: our people. From airshow

participation to multilateral conferences to high-level visits, we will continue to maintain an adequate level of reassurance through direct interaction and exchange. I do not view these contacts as "nice-to-have," but rather as critical activities that are strategic, long-term investments of extraordinary potential.

- **International Military Education and Training.** One of our most effective, yet inexpensive, Cooperative Engagement reassurance activities is the training of young military leaders from the USPACOM AOR in the United States. The exposure to American values is an invaluable individual contribution to the goal of a more democratic world. The long-lasting friendships formed between international classmates creates an unsurpassed opportunity for future professional communication. As these students return home, and ascend to positions of prominence in military and government positions, the positive value and influence expands to an even greater scope. In FY94, seventeen Asia-Pacific countries received grant funds under the International Military Education and Training (IMET) program, totaling \$2.935M and providing U.S. training and education for over 300 students. An additional 3200 students received U.S. training and education purchased by their countries under Foreign Military Sales (FMS). This tremendously cost-effective program should not be subjected to harmful restrictions. If we do not make the personal contacts now with the region's future military leadership, we forgo irretrievable opportunities for future cooperation and influence.

- **Multilateral Military Activities.** We are the most trusted nation in the region. Only the U.S. has both the capability and

the credibility to play the "honest broker" between nervous neighbors and historic antagonists -- establishing a solid foundation for regional stability. Our challenge for the future is to further develop confidence among nations within the region. I have lent personal emphasis, therefore, to reinforcing the emerging multilateral security contacts in the AOR through steady encouragement of expanded multilateral military activities. Multilateral exercises and training events will allow us to advance trust and transparency, intensifying our engagement efforts. PACOM resource savings are an important by-product.

The conventional wisdom has been that the Asia-Pacific region offers poor potential for multilateral activities. But I look to the future. As a result of my visits throughout the AOR, I am encouraged that by moving carefully, at the pace our allies and friends in the region are comfortable with, multilateral military activities will supplement (but not supplant) our extensive bilateral engagement in the Asia-Pacific region.

**Readiness: Warfighting and People.** The issue of readiness has dominated the defense debate over the past several months. The military functions of reassurance, deterrence, and compellence can not be met without ready forces. Effective warfighting capability is the enabling factor for our Cooperative Engagement strategy.

But the readiness we guard so carefully will rapidly erode without able, well trained people who are satisfied with their quality of life. Quality of life is more than a free towel at the base gymnasium. It's a comprehensive sense of personal

satisfaction derived from knowing you are doing an appreciated mission, that you are well trained for that mission, and that your family can live in reasonable comfort and dignity. Full funding of requested housing replacement/revitalization projects, future pay raises, and initiatives to expand child care services are examples of actions that tell our troops that they count and will be taken care of. Other readiness "enablers" include adequate base infrastructure for training and support; strong, well funded maintenance capabilities; and, in the long term, force modernization -- the foundation of tomorrow's readiness.

I had the privilege of being a test pilot early in my career. I recall the phrase "testing the edge of the envelope" -- taking an aircraft right up to the margin of its design parameters. If you go outside the envelope, you don't know what will happen:

- you may be OK,
- you may have a minor problem you can fly out of,
- you may have a catastrophic failure.

The real challenge with the "edge of the envelope" is that the aeronautical engineers can only calculate where they think it is. Until you've thoroughly tested the aircraft, you don't know where the precise limits are.

This is really the problem we face today. Everyone wants to know where the edge is: where do you break readiness? To be honest, I can't tell you. But I think we are near the edge of the envelope. I believe that because we have been buffeted by some major perturbations over the last year. When you get several unscheduled contingency missions and have to forego training and

significantly reprogram resources, you are on the edge of the readiness envelope. Fortunately, we've been able to "fly out of" these problems to this point. We've enjoyed historically unprecedented success in maintaining readiness through the downsizing. Pacific Command forces are ready today.

Our national resource realities mean that we will stay on the edge of the envelope for some time. One promising control mechanism is the DOD proposal for a Readiness Preservation Authority to provide timely supplemental funds for unplanned contingencies. This will enable us to stop shifting funds out of today's readiness accounts and avoid disrupting programs which affect longer term readiness. It will be especially appreciated by our field commanders, who can then focus on operational training, rather than on making hard choices on unanticipated resource reallocations. A more immediate matter is timely approval of reprogramming actions and the FY 95 supplemental request.

Two joint initiatives also promise to pay readiness dividends: assessment of joint readiness; and the Joint Requirements Oversight Council (JROC). Joint readiness reporting processes now under development will identify key factors affecting our ability to operate in a JTF environment. Long range readiness will be served by better definition of requirements for new or upgraded weapon systems, C4I, and other critical warfighting and support areas. Both initiatives highlight the complexity of the readiness issue, and our determination to avoid catastrophe.

Our success in that effort to date is a tribute to our Chairman of the Joint Chiefs, to our Secretary of Defense, and to

our entire Defense establishment. But most importantly, it is a tribute to the extraordinary men and women in our Armed Services. Our soldiers, sailors, airmen and Marines are our strategic advantage. We succeed because of their hard work, intelligence, and courage. We can never repay them for all they do. But we can do our best to support them. I am determined to do that, and I appreciate your support in that effort.

The CHAIRMAN. General, the floor is yours.

**STATEMENT OF GEN. GARY E. LUCK, UNITED STATES ARMY,  
COMMANDER IN CHIEF, UNITED STATES FORCES, KOREA**

General LUCK. Mr. Chairman, members of the committee, I am very honored to be here today. It is my third trip this month back for committee meetings. Right now I think my mind and my body are somewhere between Hawaii and California, but I will do my best to handle the questions as they come up.

I have already provided the committee, I think both a classified and a nonclassified statement which I would ask be entered into the record. I know it will. I will therefore defer any long-winded oral remarks in the interest of getting onto the questions.

The question you asked, Mr. Chairman, with regard to the tension on the Korean Peninsula, I have a lot of words in both of those statements on that. I will entertain any specific questions you have.

With respect to the readiness of our military forces, I would say, short term we are in great shape. We are in great shape because in a lot of ways we are mortgaging our mid-term readiness to stay in great shape in the short term. By that, I mean infrastructure, barracks, those kinds of things that will take care of and maintain the quality military force that we have and our needing some support in funding for MILCON and infrastructure repair.

In the long term, the investments that we must make in technology will ensure our long-term readiness or ensure we will not have it, depending on how we handle that. With respect to the 25th Brigade to Hawaii, the Department of the Army through Admiral Macke, when that brigade moved up, placed a brigade from the 10th Division in that slot.

It was a zero sum gain there in terms of the forces available to me for my war plan. Other questions I think are best answered by Admiral Macke. He has more insight about China. I defer those. I standby for your questions.

I thank the House of Representatives for their continued support to the United States Forces in Korea and to the United States Forces across the world. Without you, we would not be where we are today. I thank you on behalf of the soldiers, sailors, airmen, and marines in my command for your support.

Thank you very much.

[The prepared statement of General Luck follows:]

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**STATEMENT OF**

**GENERAL GARY E. LUCK, U.S. ARMY**

**COMMANDER IN CHIEF, UNITED NATIONS COMMAND**

**COMMANDER IN CHIEF, ROK/U.S. COMBINED FORCES COMMAND**

**COMMANDER, U.S. FORCES, KOREA**

**BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE**

**28 FEBRUARY 1995**

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HOUSE NATIONAL SECURITY COMMITTEE**

**UNCLASSIFIED STATEMENT FOR THE RECORD**

Mister Chairman and members of the committee:

It is a distinct honor to present my views on the security situation on the Korean Peninsula. Our discussion today is most opportune since it addresses important security implications for the United States (US), the Republic of Korea (ROK), and our other friends in Asia. I share your concern that we need to fully understand the security environment, with all its challenges and opportunities. We must all have a clear vision of one of the most dynamic regions of the world.

Before we begin today's discussion, I wish to express my gratitude for the firm support that Congress has shown United States Forces Korea. You have always had the prudence to understand that the world is still a dangerous place, and much uncertainty and instability remain on the Korean peninsula. Your actions to resist abrupt troop and budget cuts in Asia have reassured our allies and also warned our potential adversaries of America's steadfast support and commitment to the region. Recent security events prove the wisdom of preserving a responsive American troop presence in Asia and having a deliberate strategy of strength and vigilance to deter aggression and promote regional stability. We have reached a critical juncture in this important theater. As you know, the current security climate mandates that we not merely think or talk tough, we must actually be strong and ready to handle any military situation that might suddenly arise.

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We must note from the outset that peace and stability in Northeast Asia are most important to the security and economic well being of the United States. Our history and geography make the United States a Pacific power with major political, military and economic interests in the region. These interests are especially critical to our future since the balance of economic power continues to rapidly shift toward Asia. The Asia-Pacific region is now our largest trading partner and a huge market for American exports. Future American economic growth and well-being will be derived from close interaction with Asia's powerhouses – China, Japan, and the ROK. United States security strategy in Asia must be guided by our own national interests and regional realities. The Asia-Pacific region will be the World's most dynamic and powerful region in the 21st Century. Therefore, the United States must continue to be an important player in regional security activities.

American military strength and commitment to Northeast Asia helps promote the region's notable economic growth. A credible forward-deployed military presence provides for the peace and stability essential to the formation and expansion of healthy economic markets and democratic institutions, while permitting us to share in important regional security decisions. Moreover, our military presence helps to deter a war that could destroy the viability of the region as a major market for American products and services. Since successfully stopping Communist aggression on the Peninsula in the early 1950's, we have maintained a strong defensive military posture in the ROK to prevent a renewed military attack from North Korea (NK). Combined Forces Command (CFC), United Nations Command (UNC) and United States Forces Korea (USFK) constitute a strong military force -- a

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combined defensive force characterized by readiness, professionalism, discipline and vigilance. I am pleased to report that our security relationship with the ROK, which has successfully served both nation's vital national interests for over forty years, is still actively focused on clear mutual security objectives: deterring the outbreak of war on the Korean Peninsula and not allowing NK to intimidate its progressive neighbors in Northeast Asia. However, if deterrence should ever fail, ROK and US forces are ready and able to defeat NK aggression and achieve favorable war termination objectives.

North Korea still poses a serious threat to peace and stability on the Korean Peninsula. North Korean military forces are organized and deployed to accomplish their long-standing strategic objective of reunifying the Peninsula under NK rule. Regrettably, NK remains an isolated, overly distrustful state that has demonstrated in the past that it is prepared to attempt to use military power to intimidate its peaceful neighbors. The dramatic changes sweeping the world over the past few years have deprived NK of most of its former allies, weakened its economy, and discredited its ideology. North Korea is now run by a failing communist regime that is in a period of hazardous uncertainty as it faces a complex dilemma: its ailing economy is headed for collapse if it does not accept significant reform and opening to the outside world, but such change may ultimately spell doom to a regime based upon a closed, tightly controlled society. Although NK has stated that it prefers peaceful reunification, its actions indicate that it intends to possess a viable military option in case it cannot negotiate reunification on

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what it considers acceptable terms. For this reason, we must keep the ROK - US bilateral relationship strong and prepared for any eventuality.

The security situation in Korea remains quietly tense and dangerous. The build-up and forward deployment of NK conventional military forces along the Demilitarized Zone (DMZ) continues despite notable recent events: the sudden death of NK's long-time dictator Kim Il-Sung, the dynastic succession of Kim Jong-Il, and the Agreed Nuclear Framework reached between NK and the United States. North Korea still masks most of its internal activities from outside observation. However, there is convincing evidence that NK continues to promote military strength over basic economic, political and social development. As a result, NK remains one of the most militarized countries in the world.

The North has heavily fortified the DMZ and deployed the majority of its active ground forces within close striking distance of the ROK capital of Seoul. Despite a deteriorating economy and several years of poor harvests, NK still continues to protect and give the highest priority to its military. In addition to an expensive quest for nuclear weapons, NK stubbornly expends its dwindling national resources to mechanize its ground forces, expand its artillery formations, enhance the world's largest special operations force, and enlarge its ballistic missile arsenal. This massive, forward deployed force goes well beyond legitimate defensive needs. Moreover, NK has continued over the past two decades to assume a hostile offensive posture toward the ROK by gradually shifting military forces south. Forward-deployed NK forces

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have gradually increased from about 40 percent of active duty combat forces to around 65 percent.

Today, as in the past, a ROK-US combined defense team stands ready to successfully counter any offensive military or terrorist action by North Korea. A close security relationship between the US and the ROK proved essential to the overall defense effort during increased tensions last summer and it remains the central focus of Korea's deterrence posture. Our complex security environment demands mutual understanding and frequent, in-depth consultations between the ROK and US military and government staffs on the Peninsula. We continue to work very hard at all levels to build upon a record of close personal and professional relationships that are key to making the defense system work effectively. These relationships serve as the linchpin between the defense establishments and executive agencies of our two separate nations. The recent security crisis illustrated once again the importance of maintaining a clear understanding of the support actions each nation must accomplish. We reconfirmed a number of substantial security relations' imperatives: political and economic events must move forward in close concert with military planning activities; advance warning and substantial prior planning is invaluable when coordinating a military reinforcement of the Korean Peninsula; and close relationships amongst senior ROK and US military officers and with the civilian leadership are needed to "grease the wheels" of a complex and slow moving security apparatus.

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North Korea's strategy continues to focus on trying to drive a wedge between the US and the Republic of Korea, to obtain two of their long standing goals: the withdrawal of US forces and an end to the ROK-US security alliance. Until NK completes a wide-range of substantial political, economic and military confidence-building measures, and quits its confrontational posture towards the ROK, the ROK-US alliance must remain highly energized and clearly focused on the North's potent military capability.

I am pleased to report that the ROK continues to be a superb military ally. The ROK fields a large, well-trained, relatively well-equipped, and professionally-led military force and steadily invests significant sums to increase its overall war-fighting capability. An active and strong combined ROK-US defense team is focused on the NK threat and working closely on improvement in defense plans and warfighting strategy, tactics, and support procedures. The morale and spirit of ROK and US forces in Korea remain high, and the joint and combined military planning staffs have effective working relationships. ROK force improvement plans also continue at a steady pace. The ROK is modernizing and improving its forces with the addition of more powerful and mobile tanks, long-range and self-propelled artillery, multiple rocket launchers, armored personnel carriers, advanced aircraft and helicopters and coastal defense ships. ROK ground force capabilities continue to improve with the formation of more mechanized and armored units, and all ROK military services continue to conduct more combat-driven training and exercise scenarios.

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Republic of Korea defense spending remains substantial. Defense spending over the past five years has represented between 22% and 26.3% of the ROK national budget or between 3.3% to 3.8% of ROK gross national product (GNP)(US Embassy figures). Historically, the ROK has ranked near the top of all US allies in its share of GNP allocated to defense. The ROK defense budget is growing due to an expanding economy and future defense budgets will most likely outpace inflation. The ROK has also habitually devoted a significant portion of its population to defense with universal conscription and a strong reserve training program. The ROK has more than 650,000 personnel in uniform (roughly one-third of US levels, with a population less than one-sixth of the US) and has reserve forces much larger than our own. The ROK also buys a considerable amount of US weapon systems and spare parts -- over 3.5 billion dollars in the past five years or about 83% of all foreign military spending by the ROK. Although the ROK military budget totals \$12.6 billion for CY94, we must remember that ROK GNP measures only \$360 billion, only slightly more than the US defense budget.

Republic of Korea cost sharing contributions are impressive. The ROK continues to rank near the top of all US allies in regards to overall cost sharing support. The ROK has made substantial progress in assuming a greater portion of the costs associated with maintaining US forces in Korea. The ROK recently pledged \$300 million in direct cost sharing support or close to one-third of USFK's stationing costs for 1995. This vital support is applied to construction, logistics, and local national labor requirements. The ROK also provides a substantial amount of indirect support through tax

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exemptions, the provision of rent-free land and facilities, and reduced rates for utilities. A conservative estimate of ROK indirect support would place its value at over \$1 billion. The overall level of ROK cost sharing support has grown steadily over the years and we are working to reach an agreement this year that will provide for an even greater contribution in the future.

**Total ROK Direct Cost Sharing Support**

1989	1990	1991	1992	1993	1994	1995
\$45M	\$70M	\$150M	\$180M	\$220M	\$260M	\$300M

In view of the continuing threat posed by NK, there is a continuing need for major US-funded construction programs for facilities and infrastructure in Korea. Morale and readiness are both negatively impacted when military personnel have to live in inadequate housing, eat in substandard dining facilities and work on expensive equipment in temporary facilities. Unfortunately, over a third of USFK facilities are over 25 years old and our infrastructure has deteriorated and is subject to failure. The ROK has done a great deal to assist us in this vital area, but additional US funding is needed to maintain morale and readiness. This is especially true given the fact that approximately 50 percent of American forces in Korea have inadequate living, dining and work facilities. The US military construction funds we received in fiscal year 1995 were greatly appreciated and put to immediate use on an array of badly needed projects. Continued US military construction funding is a prudent investment in our readiness, our military personnel and our overall security commitment to the ROK. Funds for Patriot and Apache fielding in

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fiscal year 1995 were also appreciated. Full support for our operating accounts, including OPTEMPO and facilities/barracks maintenance and repair, is also essential.

The Korean Peninsula is still troubled by many serious security problems, but an opening now exists for NK to set aside its isolationism, take concrete steps to reduce regional tensions, and eventually join the community of nations. Unfortunately, there is no quick or easy fix to the substantial security issues that divide us. However, NK does have another opportunity to restart dialogue with the ROK and to undertake some meaningful confidence-building measures to help reduce tensions. Implementation of the Agreed Framework is a long process with a number of critical milestones. It is not based on trust, and we will continue to monitor closely North Korean compliance with the terms of the Agreed Framework. If NK abandons its commitments, the world should consider appropriate measures to reverse NK noncompliance, including the possibility of sanctions.

While carefully measured diplomatic and commercial initiatives are pursued in the region, military strength and vigilance are vital prerequisites. The stakes are just too high to risk doing otherwise. Although we would certainly prevail during any war in the region, the price in human lives and monetary costs would be staggering. That is why we must carefully weigh and fully appreciate the grim consequences of nuclear or conventional conflict in the region – enormous death and destruction, the wreckage of a vibrant economy, floods of refugees, and huge reconstruction costs. The

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cost of deterrence through strength and vigilance is a great bargain by comparison.

The foundation is laid for careful optimism about the future in Northeast Asia. However, a variety of complex, long-standing security issues still remain. A good plan of action is being implemented to deal with these issues, one that emphasizes engagement and deterrence. Our goal is peace and stability in the region. The key to reducing tensions and building mutual trust and understanding is dialogue coupled with positive action. We certainly hope that NK will live up to its obligations and that diplomatic and economic initiatives succeed, but our hope must also be coupled with a determined resolve to watch, verify and place more value on NK action than rhetoric.

The ROK-US security relationship, one of our oldest policy cornerstones in Asia, remains vitally important. Regardless of what relationship might evolve between Washington and Pyongyang in the near future, the US must remain fully committed to this mutually beneficial alliance. Thankfully, the ROK-US security alliance remains stronger and more capable than ever during these fluid and uncertain times.

The CHAIRMAN. Thank you both. Mr. Dellums.

Mr. DELLUMS. Let me just ask one question of General Luck and provide an opportunity for more junior members to be able to engage our witnesses.

Is it your testimony, General Luck, that near term your readiness is excellent; looking out a little further the readiness problem that you anticipate is a quality-of-life issue? If that is the case, would you elaborate on the kind of quality-of-life issues that this committee ought to be addressing?

General LUCK. I will be happy to, sir.

In Korea from 1990 through 1994 there was no MILCON support from the United States Government in that region. We suffered irreparably in that period as far as quality-of-life expenses for the soldiers.

There were no barracks built; no barracks started with U.S. dollars. Over time, that will obviously affect how soldiers live. I came back, however, last year and spoke to this committee and to the House Appropriations Committee about this problem and \$34.4 million were appropriated which we will begin spending this year to begin to build back that deficit.

That is the kind of things I am talking about. The other issue that comes too is all of us are very concerned with readiness, particularly the commanders and leaders in the field and the soldiers themselves. They would rather be ready truthfully and they would feel better in their heart, their mind, and their body being ready than they would expending funds on something that would make quality of life a little better.

It is a complete unanimity of support in that regard. At the same time, if you do not do that maintenance, if you do not fix those pipes, if you do not repair that electricity, over time those will turn into costs that must be paid. They will build as you go along.

That was the essence of what I meant by the mid-term problem. We are deferring it a little bit. It is still going to have to be paid. We are still going to have to build those barracks. We have soldiers still living in quonset huts.

A large portion of our force still lives in barracks that are over 25 years old. They feel OK about that because they have got a good mission. They get good support. The will of the American people are clearly behind them. So, they feel good in their heart and in their mind. Over time, sooner or later, it will break. I think that is a mid-term problem that we need to address, particularly in Korea.

Mr. DELLUMS. I thank you. Mr. Chairman, I would reserve the balance of my time.

The CHAIRMAN. I thank the gentleman. General, I visited with you over there the later part of last year. I saw some of the things you are talking about from the standpoint of quality of life, those barracks and so forth.

It is just unbelievable the conditions they are living under in a peacetime environment.

Mr. Stump.

Mr. STUMP. Thank you, Mr. Chairman. Mr. Chairman, I do not have any questions. I would just like to welcome both of you gentlemen and thank you for your testimony.

Admiral, as I look out here though, I do notice one familiar face that is not with us today and that is Al Lynn who many of us worked with and we think did a fantastic job. We wish him the very best in his retirement. If he is still out there in Palm Springs, if you would pass on our regards.

Thank you very much for your testimony.

The CHAIRMAN. The gentleman from Virginia, Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman. I want to welcome our witnesses this morning. Admiral Macke, the last time I was out in the Pacific area, one of the questions that came up at every stop was what you mentioned earlier.

That is that the countries were wondering whether or not the United States was going to maintain its commitment in the area. This was shortly after the time of the pullout in the Philippines. There was just a general feeling that the pullout sort of signaled a lessening on the part of the United States of its commitment in the area.

Can you tell us anything more about whether that notion, that comfort level has increased any?

Admiral MACKE. Mr. Pickett, I am afraid I cannot tell you that their comfort level has increased any. I can tell you that we are committed to maintaining a forward presence in the Pacific. The DOD just released yesterday the East Asia Security Report which again commits to approximately 100,000 to stay forward.

That has been stated from the President, through the Secretary of State, the Secretary of Defense, the Chairman, General Shalikashvili have all said the same thing. I continually reassure everyone that I speak to out there that we do intend to remain engaged, but the concern level stays.

They do not always see the signals as being the same thing as what we are telling them. The loss of the bases in the Philippines, I do not think has hurt our ability to support what is going on in Southeast Asia.

We have been able to reconstitute part of that in Singapore through the good auspices of the Singapore Government. We maintain now a places-vice-bases type philosophy where we work on areas that we can get support in commercial industries through other things out there versus having our own bases. We have places that we can visit and have the support for our forces.

The loss of the Philippines has not severely impacted our forward presence. We are still committed to maintaining a forward presence, yet there is still a concern among the nations out there that we will continue to do so.

Mr. PICKETT. I share your interest and concern about the IMET program. I think it borders on the ridiculous to use that as a way to attempt to penalize some of these foreign countries that we try to have military contacts with because it is counterproductive.

The people that are selected to come to this country, do they go to a U.S. intermediate military school? Is that what the program generally involves?

Admiral MACKE. Mr. Pickett, it involves all level of schools from the intermediate schools up through our war colleges, all of the service war colleges to the staff colleges. Fort Leavenworth Com-

mand and Staff College is a favorite location for many of the people to go. It runs across the gamut of our military institutions.

Mr. PICKETT. I know this program is under the control of the State Department. Is there some way that scholarships could be set-up by an action of this committee at military schools that would facilitate filling the gaps where you run into situations where you cannot get the cooperation of the State Department?

Admiral MACKE. Mr. Pickett, it is not the cooperation of the State Department. They have been very cooperative in the IMET program. It is some of the oversight committees who have made restrictions in last year's budget to both Thailand and Indonesia that have created the inability to provide IMET for some of the countries.

The State Department has been very forthcoming and very supportive of the program. I am not positive, and I will try and answer for the record, whether what could be done from this committee to support that. A jurisdictional change would obviously provide that.

Mr. PICKETT. We tried that. It will not work.

Admiral MACKE. That is probably a little bit harder to do. Let me take that and try and find for the record if there is anything that can be done in the scholarship arena.

Mr. PICKETT. Thank you. General Luck, one of the things that seems to be a continuing perception is that the South Koreans are not as supportive of the United States military presence there as they might be. They have grown up a lot since we first went there. There are many people that believe that their level of support, economic support, and help maintaining the U.S. Force's presence should be increased.

Can you tell us if there are any developments in this area and what you see happening in the future on this issue?

General LUCK. Yes, sir. They are making steady progress in that regard. This next year they will provide \$300 million in direct support to United States Forces in Korea which is up to the level of the one-third that we were attempting to achieve, the base cost.

They run a very large military establishment very, very well. My guess is their problem is not how they are spending their defense dollars. It is the top line. They work a military defense budget of \$13.6 billion. They put in the field a force that is staggering at that level of expenditure.

For example, in my command there is approximately 700,000. I have 700,000 people in Combined Forces Command. They field an inadequate Air Force. They field a Coastal Navy. They field a very large Army, all for \$13.6 billion.

There are not a lot of dollars around to match what they would like to do from a military point of view. It is the political dynamics in the country. It is a very free country now. They have evolved it into a democracy with the election of Kim Yung Song. They are doing very well. They have a National Assembly which is exactly like our Congress.

Mr. PICKETT. I hope not exactly.

General LUCK. Well, not quite, but to the military, they go to this body to get their percentage of the GMP. That ends up being about 4 percent; \$13.6 billion. They do a pretty good job of expending it.

To answer your question directly, yes, sir. I would like to have more; darn right. I would like to see them buy some more things here and there in a force improvement program. On the other hand, it is really kind of hard to criticize too vehemently because they are doing a pretty good job of it.

Admiral MACKE. Mr. Pickett, if I might just add, on the host nation support, I think it is very interesting to note that I can put three soldiers in Japan for the price of one in the United States. I can put three in Korea for the price of two in the United States. We get tremendous host nation support from both Japan and Korea.

Mr. PICKETT. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. Admiral, we are talking about IMET again. The perfect example of what you are talking about was, I found out on our last trip over to Thailand, they were very upset because one of our oversight committees put restrictions on them. As you indicated, most all of their officers had been to school over here. They were very expansive on how much it meant to them.

As I recall, they did not allow us to have pre-positioned ships approved for that area just because of our restrictions against them. As Mr. Pickett said, it can be counterproductive sometimes when we put restrictions on them.

Mr. Saxton, the gentleman from New Jersey.

Mr. SAXTON. Thank you, Mr. Chairman. Admiral Macke and General Luck, in both of your written testimonies, General Luck you in your oral testimony, both speak of readiness and quality-of-life issues.

Admiral Macke, in your written testimony, under a heading called "Readiness: War Fighting and People," you state, "The readiness we guard so carefully will rapidly erode without able, well trained people who are satisfied with their quality of life. \* \* \* It's a comprehensive sense of personal satisfaction derived from knowing you are doing an appreciated mission, that you are well trained for that mission, and that your family can live in reasonable comfort and dignity."

Then you go on and talk about, "readiness enablers include adequate base infrastructure for training and support; strong, well funded maintenance capabilities; and, in the long term, force modernization."

General Luck, you have a very similar statement where you state in your testimony, "In view of the continuing threat by North Korea, there is a continuing need for major United States funded construction programs for facilities and infrastructure in Korea. Morale and readiness both negatively impacted when military personnel have to live in inadequate housing, eat in substandard dining facilities and work on expensive equipment in temporary facilities."

And then you say, "Additional U.S. funding is needed to maintain morale and readiness," and then something that is very interesting. "This is especially true, given the fact that approximately 50 percent of American Forces in Korea have inadequate living, dining and work facilities."

Based on those two statements, I know that you both are very much concerned about readiness, morale, quality of life. I guess my question is, What do we need to do now in order to ensure that short-term morale will be up to an adequate level? What do we need to do now in order to ensure the same thing for the long-term?

Admiral MACKE. Mr. Saxton, I will speak in general for the Pacific region. The current budget that is before you has the dollars added to it, the quality-of-life dollars that have been put in there. Secretary Perry is well aware of this issue and has made the corrections to the budget to give us the dollars to start fixing the quality-of-life problems that exist.

Housing in Hawaii is an example, in addition, to the barracks in Korea. There are other areas that we need the increased dollars that are in the budget. So, I think the beginning of being able to fix that problem is there in the current budget. They are in the projected budget out to the tune of an awful lot of dollars.

There are \$30 million to \$40 million a year going into Korea. There are \$50 million to \$70 million a year coming into the Hawaii area. Across the board, there is a lot of money coming in to try and fix some of the quality of life problems.

General LUCK. Sir, first off, the morale is going to be OK regardless of what we do as long as we continue to treat each other with dignity and respect and have trust and confidence in each other's abilities to get the job done. We will handle that. Just like your children, you want the right things for them if you can provide them. That is where I think we are coming short. We are going to have good morale there. We are going to be well-trained, but we have got a bill due.

We did an analysis on that. We figured it would take about \$200 million. We spread that over 5 years. We came in and asked for \$40 million a year to get that caught back up for that high that I mentioned where no MILCON came to us.

We think that \$200 million spread over 5 years would do it to fix that broken issue there. I can give you more data if you desire. That would be my first cut at it.

Mr. SAXTON. General, are you satisfied that you have gotten what you asked for in the DOD submission for this year? Does that take care of the specific problem that you point out here where you say, "This is especially true given the fact that approximately half of the American Forces in Korea have inadequate living, dining and work facilities?"

General LUCK. To fix that, we would need approximately \$200 million over a 5-year period to get that byway down to level. That is what we would need. We got \$34.4 million. We are thankful. It is going right straight into the second ID area and the area closer up to the DMZ.

The ground is being broken and buildings and barracks and dining halls are going up. We have started. I feel good about that, but it needs to continue.

Mr. SAXTON. Thank you, General. Thank you, Admiral.

The CHAIRMAN. I thank the gentleman. The gentleman from Missouri, Mr. Skelton.

Mr. SKELTON. Thank you very much. Gentleman, welcome to our committee.

General Luck, on the U.S. Pacific Command, key judgments down here on the very bottom, there are war fighting capability and effectiveness, readiness enable our cooperative engagement strategy.

I am going to talk about your second bullet there first. General, first let me ask you, should a serious conflict break out on the Korean Peninsula, how would you feel about the reinforcements that you would need from the continental United States?

General LUCK. Sir, we have a plan which you are familiar with which I will not get into in open session.

Mr. SKELTON. That is why I asked you the way I did.

General LUCK. We have that plan. Given that plan can be executed, we feel very comfortable with it. I do not want to sit here and even try to say that what a war on the Korean Peninsula would be anything but horrendous.

The loss of life, the loss of infrastructure, the loss of the economies, and the terrible trauma that would be visited upon the people of that peninsula would be horrible. Therefore, we do not want that to happen.

I think our best bet to keep that from happening is to remain strong and to remain postured properly to make any attempt at that not a good one when viewed from a North Korean perspective.

Mr. SKELTON. Admiral, your sphere of responsibility is huge. We all see that and recognize that. In your fifth bullet here you say we are ready today. The next bullet talks about tomorrow's readiness depends upon O&M funding, timely supplementals and readiness preservation authority.

May I ask you what, if any, affect the slowness in the supplemental appropriation—how has that affected you is my question, if at all?

Admiral MACKE. Mr. Skelton, as of today it has not affected us at all. Again, I would thank all of the House for their prompt reaction to the supplemental and getting that passed.

If we do not have that supplemental within 3 months, and I cannot give you an exact timeframe, but within 3 months we will start to see degraded readiness.

Mr. SKELTON. That answers that question fully. Would you explain the phrase "readiness preservation authority?" That does not mean much to me.

Admiral MACKE. This is an initiative that I do not have a lot of detail on. It is an initiative that Secretary Perry has put forward as legislation that would allow him to use moneys, if you will, ahead of time; to move moneys so that he can maintain the operations and maintenance accounts, even if contingencies are drawing money out of those.

So, we can maintain that training budget, that training and maintenance budget that each of the services have instead of having to pull from that to support contingencies every time around.

Mr. SKELTON. As we speak today, Admiral, are you comfortable with the level of training of each of the services under your command?

Admiral MACKE. Yes, sir. As we speak today, I am.

Mr. SKELTON. Thank you.

The CHAIRMAN. Mr. Cunningham.

Mr. CUNNINGHAM. Thank you, Mr. Chairman. General Luck, I know the conditions there. My father-in-law who was in the Supply Corps spent time in those quonset huts and he had to buy an electric blanket because he was freezing to death over there. The folks in Bemidji, MN, have nothing up on the coldest of the winters there.

By the way, I need some eel skin when you come back from over there.

I served on a fleet coordinating group and was responsible for the coordination, under 7th Fleet Staff, for Team Spirit. I know the value of that exercise. I know that the reports and the papers, as far as the cancellation of that exercise and readiness of your troops in both working with the fleet in the Sea of Japan.

Can you tell me the status of that?

General LUCK. Sir, the Team Spirit 1995 exercise has been placed on hold, or they decided not to hold it based on the continuance of a proper dialog and the framework agreement.

I know that begs the next question of how does that impact you? I would tell you that when I began to recognize that this Team Spirit was a diplomatic, political football some year and a half, 2 years ago we had a good look at what we accomplished during Team Spirit.

As we are in the military, we had to have a phrase for that. We call that mission essential task list. We looked at that. We took all of those mission essential task lists that we used to accomplish during Team Spirit and I migrated them into other exercises across the spectrum of a year's training.

Therefore, I can tell you that my readiness will not be affected by that decision whatsoever.

Mr. CUNNINGHAM. Were you able to utilize the Reserves and call them up in the training that was in Team Spirit? That will be an essential portion of that.

General MACKE. Actually, sir, we have expanded our use of the Reserves measurably across the board. In fact, Shroke, a second ROK army, now has a CSCT team, number two, which is entirely out of the Reserves.

They provide it on a year-round basis. It is working wonderfully well. We have expanded all of those into—again, migrated them into other exercises. We are using technology. We are using the computer to drive staff to do staff work and not having to exercise hundreds of thousands of troops to cause that same list to come up.

Mr. CUNNINGHAM. Admiral Macke, I noticed you used the term "buffet." For those nonaviators, that is the prewarning just before you go into an out-of-control spin. As far as readiness I agree that I think that we are beyond the buffet. I think we are in a post stall gyration right now as far as readiness. In this member's opinion, there is only two reasons. It is the administration's socialist agenda and the \$177 billion cuts, plus the excursions into countries like Somalia.

I look at Aideed and he is still there, and the billions of dollars we spent there at the cost of readiness. I look at Haiti at the Clin-

ton puppet that we put in office there, and the billions of dollars we are expanding there.

If we pull out of there, I am sure the spirit of Papa Doc will still be there. The question I have is, looking at the different exercises, I know we have got some key facilities, like Oceana in North Island, where our carriers are supplied.

When we are reducing forces, is it important to focus on consolidation of training of carriers of where your operating areas are in the upcoming BRAC? Like Oceana, I believe, should be one of those that are preserved.

Oceana is on the opposite coast. It is not in my district. You have also got the air base there and you have got your carriers real close. You have got all of your training. You troops are able to train without the TDY.

How do you personally feel about the consolidation of those areas with dwindling dollars? Does it save you dollars by those kinds of forces?

Admiral MACKE. Yes, sir. It is I think very important to have training areas located in proximity to or adjacent to where you have your forces. As you well know, the dollars you spend in transit are not productive. It is the dollars you spend on a training range, be that with tanks, or aircraft, or whatever.

So, having those training areas in proximity of the bases is very important.

Mr. CUNNINGHAM. I think the same thing is true with Miramar, North Island and on the west coast and those training ranges.

If we go below the 12 carrier level as far as readiness is affected, how will that affect your ability to participate in exercises like Team Spirit, Tang and Flash, Armor Seccoro?

Admiral MACKE. I could use carriers in a half a dozen more exercises than I have the ability to use them in now for Operation TEMPO and Personnel TEMPO reasons.

Mr. CUNNINGHAM. The question is, will it directly affect readiness if you go below the 12?

Admiral MACKE. I am not sure you can tie it directly to readiness. It certainly will affect my ability to do my mission which is to show a forward presence and to maintain forces that are ready to respond to whatever contingency, be it a disaster relief or be it a conflict.

Mr. CUNNINGHAM. Thank you.

The CHAIRMAN. I thank the gentleman. Mr. Taylor, the gentleman from Mississippi.

Mr. TAYLOR. Mr. Chairman, I would like to pass, but reserve my time.

The CHAIRMAN. Mr. Underwood.

Mr. UNDERWOOD. Thank you, Mr. Chairman. I want to state that I appreciate very much the discussions I have had with you, Admiral Macke; your thoughts on your mission as being directly connected to war fighting and personnel. I very much appreciate it.

I do not want to compete about stories about quonset huts, but I lived in a quonset hut abandoned by the military so that goes even one step further than Mr. Cunningham's father-in-law I suppose.

I also appreciate very much your statements to kind of bring some attention to the Asian-Pacific region and the importance that it has. The importance that it has for the stability of the entire world.

Frequently, it is commented in the Pacific that the future is in the Pacific. I think that future is actually now. There is always some level of concern that I have that perhaps not all Members of this institution recognize that. In keeping with that I noticed that in today's Washington Post there is a story about keeping current levels of military presence in Korea.

Maybe you could help us understand. What does that mean for the rest of the Pacific and what kind of personnel numbers are we looking at, not only in Korea, but in other areas of the Asia-Pacific? What does the future hold for them?

Admiral MACKE. Yes, sir. The century of the Pacific I think started in 1990. That is when the gross domestic products or the gross national products crossed over and the Pacific became I think the leading economic area.

The reports in the paper this morning I believe were reflecting DOD's East Asia Security Report that was released yesterday in a press conference given by Mr. Joe Knott. That talked to the overall 100,000 forward, approximately 100,000 forces forward, in the Pacific area.

About 37,000 of those, and a more exact number General Luck can provide, but about 37,000 of those are in Korea. The rest are spread throughout the Pacific area. I feel very strongly that we need to maintain that forward presence out there. I think the administration right down the line has backed that.

Mr. UNDERWOOD. So, we should not anticipate that there will be a reduction of those numbers in the foreseeable future?

Admiral MACKE. No, sir. I do not see a major reduction. There are a couple of moves underway; some that will change numbers around a little bit, but we will stay at approximately 100,000 forward.

Mr. UNDERWOOD. Also, in your comments about your mission as being directly connected to war fighting, and I know the issue of readiness has been a very hot issue, not only certainly inside DOD, but here in the House and in Congress, there have been Members who have argued that some of these so-called nontraditional spending should somehow be sacrificed in the name of readiness. I have a very serious problem with that. I can speak to personal experience on that particularly with respect to environmental cleanup.

In the case of Guam, what appears to be happening is that if we do not get the resources to clean that up, then the military will continue to play rather the role of forward position or the military personnel there, if the bases are not cleaned up and turned over to the community, they will end up being landlords.

They will end up being responsible for huge facilities and assets. It may end up costing the military more. I think that in effect deters from the war fighting mission that you have outlined. How would you react to that?

Admiral MACKE. Sir, there are several areas where the fact that we have not been able to finish environmental cleanup have caused us to not turn back some of the bases or turn over some of the

bases that we intended to from previous BRAC's and from other actions.

Therefore, we are still paying a cost for those. We have not started to realize the savings that were anticipated when we did those. As we look at the environmental cleanup, there is a lot of concern to me when people just automatically say that is environmental, that is not defense and we need to get rid of it.

We have in several cases and I am not sure if Guam fits in this area, but in several instances, we have legally binding requirements to do some environmental cleanup. If we do not do those, we are going to get taken to court and the cost will go well beyond what it would have cost to do the cleanup to start with.

We need to be very careful, I believe, that we do not impact any—and in particular, the legally binding requirements that we have to do or the States will take us to court.

Mr. UNDERWOOD. I appreciate that very much. I think it clarifies that this is one of these so-called unfunded mandates that are more likely unfunded responsibilities. I appreciate the comments very much, especially the part where we are really talking about the military continuing in an uncomfortable role and that is in the case of Guam.

Given this Base Closure and Realignment report hot off the press, I would like to know that Guam is heavily affected by this. The prospect of having more military assets being held by the military without performing any direct military function looms on the horizon.

Those facilities should be turned over, not only for economic recovery, but certainly to relieve the military of—in your words it delays the actual saving of any money which comes along with the BRAC process. That is a very critical point.

Admiral MACKE. It costs unprogrammed money because the program was built on realizing the savings not having that base. So, now we are bringing an unfunded requirement in.

Mr. UNDERWOOD. Better to put that money in getting out of quonset huts. I can attest to that. Thank you.

The CHAIRMAN. I thank the gentleman for his questions and the answers. Mr. Hostettler, the gentleman from Indiana.

Mr. HOSTETTLER. Thank you, Mr. Chairman. Thank you Admiral Macke and General Luck for appearing before us today.

I just have one question. Admiral Macke, in your prepared testimony you say on page 4 something that I read at least in the former Secretary's report on the Bottom-Up Review concerning winning unilaterally in two major regional conflicts.

You say that, "We are prepared to win unilaterally if necessary." Do you believe that?

Admiral MACKE. The reference there, sir, is not to two MRCs. The reference is to the Pacific theater.

Mr. HOSTETTLER. The Pacific theater.

Admiral MACKE. We are prepared to win unilaterally if required, but we prefer to do it in a coalition environment with the rest of our friends and allies.

Mr. HOSTETTLER. Right. I think that is in relationship to another point that you make regarding Thailand. You spoke about earlier that the Thai Government declined requests to position equipment

afloat ships off of their shores. It was disappointing, but vivid proof of the complexities of regional sensitivities. Was that a surprise to you to a certain extent?

Admiral MACKE. It was a major surprise. I can go through the rhetoric on it, but I was in Thailand. Prime Minister Chuwon gave me that personally for the first time. We had just met with some other people, the Ambassador and I, earlier in the day. We thought everything was moving along well. Then we learned that we were not going to.

The chairman pointed out that certainly in part it was a reaction to some IMET cuts that, in particular, General Waymaan was extremely—took as a personal affront because the accusations were that he was doing something and the IMET was cut for that reason.

I think there is a political sensitivity. They were concerned with what their neighbors in Ozion and in Southeast Asia might feel about having a basing of a sort down there; having the afloat prepositioned ships there. Again, I think this was just kind of a reaction at the time based on the current events that were going on at that time.

Mr. HOSTETTLER. So, these relationships you would say at times can be tenuous and so it is actually a good idea to go back again, as the former Secretary Les Aspen said in his report, it would be good to be able to count on these coalition forces, but we need to be able to win unilaterally.

Admiral MACKE. Yes, sir. I do not think we can ever make major assumptions that we are going to have help from people, except from treaty allies. I think we can do those. The South Koreans will help us in Korea. There is no doubt.

Other treaty allies will certainly help us. We have got to be able to ensure that for in particular, maybe a lesser regional contingency versus the MRC's which are pretty well-defined; know that we can win unilaterally if required. That is not the way we want to do it, but if required.

Mr. HOSTETTLER. Right. I think that is a good point, Mr. Chairman, given the fact that we have no treaties, from what I understand.

I was not able to ask questions at the previous committee meeting with the U.S. Central Command. I think that, that is an important point to make. That we need to be able to win unilaterally if necessary. Thank you very much.

The CHAIRMAN. The gentleman is correct. The gentleman from Texas, Mr. Geren.

Mr. GEREN. Thank you, Mr. Chairman. I want to thank our witnesses for their testimonies. I have no questions at this time.

The CHAIRMAN. Mr. McKeon.

Mr. MCKEON. Thank you, Mr. Chairman. I want to thank both of you for being here today. I have family in Korea. General Luck, I think you met them. My wife is here today. She told me that you were coming.

General LUCK. She got that eel skin that Mr. Cunningham was looking for?

Mr. MCKEON. Thank you. We have been talking about being able to fight two wars at simultaneous times. We had Desert Storm

going on and I know that all of our Stealth aircraft were over there at one time.

What would be our condition if we had a similar occurrence and North Korea decided to come into South Korea? What would we do?

General LUCK. Sir, we would apply all of the technology that we have at our fingertips against that issue. We have a number of plans for that which I would be more than happy to go into with you on your next trip back. We could visit and have a very close look at that.

Mr. MCKEON. You are confident that we have the force independent in the Pacific to handle any problems that we would have there?

General LUCK. Sir, I would be supported in that endeavor almost wholly by Admiral Macke, for most things, but there are a number of other war fighting aspects that would come from other commands to include United States Atlantic Command Forces Command and ACC.

A number of those would come from throughout the whole armed services as well, but they would pass through him and he would put the request in the system for them.

Mr. MCKEON. I am new to this committee. It is a real learning process for me. When Desert Storm was in effect and we were building our forces in that area, did any forces go from the Pacific to aid in that effort?

General LUCK. Yes, sir.

Admiral MACKE. Yes, sir. There were forces from all over that went, in particular, Marine Forces. One left which is a Pacific Force in Camp Pendleton; a very large portion of that went to Desert Storm.

Mr. MCKEON. So we actually would have been really at a lower state of readiness in the Pacific, at that time, if we had, had to meet a contingency there.

Admiral MACKE. During Desert Storm, yes, sir. We have gotten smarter since then. We, I think, now are doing a much smarter way of apportioning our forces to ensure that we can do two MRC's.

There are forces such as the Stealth aircraft which you talked about that will be required in both and may have to move back and forth or move between MRC's and can do that. The bomber force can work one area and then work another because it has that redeployable capability. We have taken a very close look over the past couple of months and continue to take a very close look at how you do two near simultaneous MRC's to try and tweak the planning to make sure we are making the most effective use of the forces that we have.

Mr. MCKEON. I appreciate you saying you have gotten smarter. I feel that most of the people I have met in the military are very smart, very capable people. I do not think that is the question.

I think it is, do you have adequate backup, adequate support from us? I guess that is my real concern.

Admiral MACKE. We obviously need your continuing support. We need to enhance the lift; the things the chairman talked about, the lift in particular, some of the command and control capabilities, technology needs to keep moving forward.

I guess what has not been talked to today—certainly I talked to near-term readiness. I can say we are ready a year from today if we maintain those three items. There is certainly a question of longer term readiness. That is modernization.

Right now, the modernization program has been put in the budget into later years. There is a major concern, I believe, amongst most of us CINC's with where we will be 10 to 20 years from now.

General LUCK. That strategic lift is critical, Mr. McKeon, as you know. We need to really keep that on the front burner.

Mr. McKEON. I have some real concerns, again, being new here; not just new to the committee, but actually very new to Congress. As I go out and talk to people, they seem to have the feeling that we are putting more into the military as the President gets up and says he is adding \$25 billion.

As I looked at the budget, we are actually cutting this year and that \$25 billion is in the out years. When you say you asked for \$40 million a year and you are happy with \$34 million, that does not help my comfort level a whole lot. I think we need to help you more. Thank you very much.

The CHAIRMAN. I thank the gentleman. Mr. Abercrombie, the gentleman from Hawaii.

Mr. ABERCROMBIE. Thank you very much, Mr. Chairman. Good morning, Admiral Macke, General Luck, aloha.

Admiral Macke, there have been questions raised principally by editorial speculation in the newspapers in Kauai with regard to Bellows Air Force station. I hope we can agree that the question of access to training land at Bellows and associated facilities located at the Air Force Station there should not be and, at least as far as I am concerned, have not been and will not be an issue and should be put to rest.

I hope we can agree on that. The only issue at hand I think there is whether all of the land now presently under the Air Force administration will be required to meet the projected training mission and the facilities required as we move into the next century.

To the degree that perhaps some of those lands might be decreed as access to that mission, there is the possibility that they could be returned to the jurisdiction of the State. I note in that context then that you plan on introducing at Kaneohe Conilang Marine Air Force Base another 546 marines next year and an overall contingency of 1,900 military personnel.

In that context then would you agree that a resolution of whatever questions are involved about land use and training is well underway and that we might expect a resolution in the near future?

Admiral MACKE. Mr. Abercrombie, you and I have discussed Bellows on many occasions and I have never, I have never heard you say that you wanted all of Bellows back. That is not always what shows up in the media.

Mr. ABERCROMBIE. Right.

Admiral MACKE. As you are aware, there is an environmental impact statement currently underway. We hope to have the results of that by the end of March, early April where we can make an announcement.

I cannot say anything for sure until we get that. I have a belief that there will be some amount, and I leave that as a very large

question mark, some amount of Bellows land that can be provided back to the community.

We have worked very hard on the Hawaii Land Use Plan, as you are well aware, to try to be the most efficient we can with the land that is there. We certainly support or certainly appreciate all of the support we have gotten out of the congressional delegation and out of the State with regard to that.

Mr. ABERCROMBIE. Are you satisfied that our commitment, as a delegation and I certainly want to add my own, to training issues in terms of facility and land is not an issue?

Admiral MACKE. No, sir. To the best of my knowledge, right now it is not an issue.

Mr. ABERCROMBIE. Thank you very much. General Luck, I think I want to move from that point about readiness; although Admiral Macke may wish to comment. The question of quality of life and housing comes up continuously where Hawaii is concerned because of the forward basing issue and the necessity of stationing people in Hawaii.

General Luck, I hope you will agree and Admiral Macke, I hope you will agree that actually moving the brigade from the 25th may actually have a felicitous effect on meeting some of the housing and quality of life issues.

In other words, moving the brigade is a strategic military decision; however, by default rather than by design at least relieves some of the housing pressure in the civilian community.

If we meet the hopes and dreams, if you will, of the expenditures on either barracks renewal or rehabilitation of housing or building of new housing on military lands, if we sustain a reasonable rate of expenditure over the next 6 to 10 years, we should be able to substantially address the question of the housing deficit; should we not?

Admiral MACKE. Yes, sir. I think we have started down the right road to do that. As you know, the brigade of the 25th Infantry Division has a force structure problem with the Army. They had to get rid of some—

Mr. ABERCROMBIE. As a tragic—let me get that on the record. That is a strategic military decision; right? That is not subject to the politics of a particular area. You do not exist to take care of landlords in the immediate area in Hawaii; right?

Admiral MACKE. My requirement is four light infantry brigades. In the force structure the way they have changed the force structure, I maintain four light infantry brigades because I pick up one from Fort Lewis, the 9th Regiment from Fort Lewis.

Mr. ABERCROMBIE. So, you have never heard a word from me, at least, I want that on the record, about decisions that you believe meets your military requirements?

Admiral MACKE. No, sir.

Mr. ABERCROMBIE. So, what we are talking about here now then in quality of life—how do we meet the quality of life issues with respect to housing for those people who will be stationed in Hawaii?

Admiral MACKE. The loss of that brigade—right now, we have a deficit of a little over 1,300 housing units. The loss of that brigade will obviously change that.

Also, as you stated, there are some more marines coming into Kaneohe. The numbers—I am not positive. We are redoing the study now to see what that deficit will be. That is not the major problem in Hawaii. It is not the deficit in total numbers.

The major problem in Hawaii is that over 50 percent of the structures that we have, of the units that we have, are over 20 years old; some of them as much as 50 years old. I have an analogy that I use that we do not want to go back to the hollow force. When you walk into a house in Hawaii and you can step through the floor because of the termite damage, it redefines hollow force.

Mr. ABERCROMBIE. My time is up. Admiral, is it fair to conclude then—and this committee is well aware of it, the chairman is well-aware of it as well as the ranking member, that the crusade, if you will, that I have been on since I have been on this committee, to see to it that we upgrade existing housing and see to it that new housing is built, is one that has a solid foundation, in fact, in terms of the needs that are required to meet the basic housing necessities of the military personnel stationed in Hawaii?

Admiral MACKE. Yes, sir. We need to replace in many cases and we need certainly to rehab in a lot more. The same things apply in Korea.

Mr. ABERCROMBIE. There is a game plan for that, correct?

Admiral MACKE. There is right now, yes, sir.

Mr. ABERCROMBIE. Thank you very much. Thank you Mr. Chairman.

The CHAIRMAN. I thank the gentleman. The gentleman from Missouri, Mr. Talent.

Mr. TALENT. I thank the chairman. Mr. McKeon anticipated some areas of my questioning; particularly when he and you touched on lift, which is a critical need, and I think being critically not met now. If you have any additional comments on that, I would appreciate it.

Also, just on the question of modernization. It is pretty easy to see why we are not modernizing at the rate we need to be, if you just look at graphs of what has happened to the procurement modernization budget.

In essence, we have been robbing Peter to pay Paul in order to prevent hollowing as much as we can in immediate readiness. We have been borrowing from the procurement modernization budget. I think we are lower in those areas as, if you look historically, than we have been anytime since the Korean war.

So, instead of hollowing, maybe we are rusting now because we are going to have to use some of this equipment a lot longer than what is intended. If you have any comments on that, I would appreciate it. I do not know whether you do or not.

Let me get into another area very briefly. That is the whole area of China. Admiral Macke, I appreciated your testimony on China. I really agree with the thrust of what you were saying and with the thrust of our policy. I think it has been a bipartisan policy the last few years of a kind of an engagement of China. I do not mean that in any sense of marriage or anything like that, but a constructive kind of engagement.

There is a little bit of a note to the theme though that I thought was a little missing from your testimony. I would like you to com-

ment on it. My own sense is that we need to prevent, if we can, the isolation of China.

It developing as a military and economic superpower, I think, is inevitable. Certainly, it is beyond our control. I do think we need these liaisons and these contacts that you discussed.

At the same time, do you believe as I do that it is very important to send to the Chinese, in a way that does not offend them, but nevertheless is very clear, that the United States is a power in the Northwest Pacific? That we intend to remain a power in the Northwest Pacific. That we will not permit vacuums of power in which they may wish now or 10 years from now to fill.

That is as important an element of our approach to them as the cooperative kinds of engagement that you discussed so eloquently in your testimony. I think we certainly do not want to rub the Chinese noses in our presence.

We need to let them know that we do not intend to permit opportunities for them, either in Korea, I would say in Taiwan or places like that, to expand. Also, one other comment that I would like for you to comment on. As much as we want greater burdensharing from the South Koreans, I am impatient with the pace of that. I understand that we have made some progress.

The United States is the only power that can play the role that I just discussed. Do you agree with that? Would you comment on my comments?

Admiral MACKE. Yes, sir. I agree with everything you have said. I agree wholeheartedly that China is going to become a superpower unless there is some economic collapse or the country comes apart which none of the China scholars that I have talked to believe will happen. That it will become a superpower.

Again, engagement to me is a far better overall strategy and what we call cooperative engagement which is not the other kind. That is a far better strategy to take than isolation. We cannot be condescending either. We need to be firm in what we believe and the way we are going to do our strategy.

We need to work with them so that we can bring it together. It is not surprising, I do not think, that we have a lot of common interests. China is the key to both Southeast Asia and Northeast Asia.

She plays in the multilateral dialogs that go for either region, the Northeast Asia Security Dialog in the Northwestern Pacific, as I think is a key step in trying to promote and help stability within that area. I think China is a key to the future of the Pacific and we need to stay engaged with her in a constructive and a positive manner.

Mr. TALENT. I guess what I was saying was I am concerned that as China develops and they bring more and more out of—I do not want to say they are in chaos, but as they focus, they have got a new set of leaders who focus on what their policy is going to be in the next century.

The danger is that they will develop a strain in their foreign policy where they will seek to reestablish homogeneity over the regional powers in the area. The presence of the United States' clear, firm, not provocative, but the presence there saying, look that is

simply not going to happen, may keep that strain from ever developing in their foreign policy.

Do you want to comment on that?

General LUCK. Absolutely. It is a critical key to the whole area and that is that engagement; \$380 to \$400 billion of trade is done in that area of the world. That is 38 percent of the world trade we do.

We do \$130 billion of exports which translates into about 2.8 million jobs, direct jobs. It is a national interest. The cooperative engagement that Admiral Macke is talking about is the linchpin of the whole thing.

The double digit GMP growth in China should not be alarming if we do it right. They will become a player in the world economic scene and become interdependent, hopefully, with us, but we do not get there without strength, presence, and forward presence in the Pacific, forward presence in Korea and Japan.

That sends that message I think. Spinning from that I would say that we do have an interest in being in Japan and in Korea. Therefore, to expect them to pay the whole thing would not be fair either. It is in our national interest to be there too.

Mr. TALENT. I thank the Chairman.

Admiral MACKE. There is much concern among many of China's neighbors with exactly what you are talking about.

Mr. TALENT. Yes. I have talked to some representatives of them. The best way to prevent that is to prevent it. I think a strong policy now backed up by a strong capability, without being provocative, has the best chance of preventing the Chinese ever from wanting to move in that direction.

Admiral MACKE. We have helped established the security. They want us to help maintain it.

Mr. TALENT. I thank the Chairman.

The CHAIRMAN. Mr. Dellums.

Mr. DELLUMS. Thank you, Mr. Chairman. I appreciate you yielding to me at this point. I would like to followup on the opening comment by my colleague, Mr. Talent.

First, let me just say that this is now the second hearing that we have had where CINC's in the region have come before us. A very interesting pattern is developing.

When this debate began the issue of readiness was laid on the table in a very aggressive way. As we asked each of the commanders, are you ready? The response has been unequivocally, yes, we are ready. We are ready near term. We are ready medium term.

As the Admiral pointed out and I think as the General pointed out, looking out 10 or 20 years, we have concerns about readiness down the road, which raises the issue of modernization. So, one observation is that some of us are having great difficulty taking yes for an answer.

The question is posed and then the answer is yes and then we do not quite know how to address that. Now I sense that the debate is beginning to shift to the outyears and the issue of modernization.

You, Mr. Talent, said, "we are robbing Peter to pay Paul" with respect to procurement. Now, I do not know if the Admiral meant that he agreed with everything you had to say including that.

I would like to raise this issue. As I have understood on procurement, we are downsizing the budget. In downsizing our forces, we have created an inventory surplus. Perhaps this gentleman is ignorant, but as I have understood it, we have now begun to draw on that surplus inventory for a number of years allowing us to put the issue of modernization out a few years.

Now, one could debate and argue the efficacy of that strategy. As I understand it, this is not "robbing Peter to pay Paul." When you cut a number of divisions, when you cut a number of wings, when you cut a number of force structures, there is an inventory.

Someplace, somewhere, someplace in this country and around the world there are warehouses full of inventory, my friend. In a limited dollar environment as I understand the strategy, it has been to take that inventory for a few years. They have calculated what those years would be.

They have calculated the risk and said, at this point we will have drawn down to a certain point on that inventory. We then will ramp up our procurement so that we address the modernization issue.

From this gentleman's standpoint two things are happening. It is hard for people to take yes for an answer because we started this year banging on readiness. The people out there responsible for our troops out there are saying we are ready in terms of training. We are ready in terms of equipment. We are ready in terms of morale.

There are quality of life issues that we need to deal with and we need to deal with that. Then on the question of modernization down the road, I think that we need to stop each other because sometimes in our use of the language, we put issues into the lexicon that start to become reality; "robbing Peter to pay Paul."

Nice comment, but in the real world, what in the hell does that mean?

Mr. TALENT. If the gentleman would yield I will tell him what I meant. The Air Force procured no-tactical aircraft last year. The Navy procured, what is it 12? Now, we have an inventory. That inventory is going to get old if we are not buying any new equipment.

We are going to have our people flying planes that are much older than we would permit commercial airplanes to be flown in this country.

Mr. DELLUMS. If I might reclaim my time.

Mr. TALENT. Certainly.

Mr. DELLUMS. I understand that. What I was saying was that for awhile, we have decided from a tactical and a strategic perspective, that we would draw down on this excess inventory out for a certain amount of time and then they would anticipate ramping up for the very purposes the gentleman outlined.

I am simply saying that we need to describe these issues much more accurately than we are doing. We use these catch phrases. Sometimes they enter into the public lexicon. I think it is important, you and I, we are deliberative people. We are a part of the leadership of this country.

It seems to me that we have got to go beyond bumper stripper rhetoric and talk about things in substantive analytical terms. It seems to me that if you do not think that is the strategy, then let us say that. If you do not agree with it, then say that. That is le-

gitimate. We can go back and forth on that. I think to mischaracterize the strategy is inappropriate for any of us.

Mr. TALENT. Will the gentleman yield?

Mr. DELLUMS. Happy to yield.

Mr. TALENT. I do not want to intrude on the committee's time. Maybe you and I should take this up later. In the first place, let me just say—

Mr. DELLUMS. Well, this ought to be on the public record.

Mr. TALENT. I agree with the gentleman.

Mr. DELLUMS. I would like the Admiral to tell me whether he agreed with everything you had to say, because I do not want to let him off the hook on that.

Mr. TALENT. I can tell the gentleman, when I have dealt with these issues, I have dealt with them in very great depth. In the last Congress I spoke four times on the House floor in special orders deliberately so I would have enough time in which to elucidate these issues.

I did very much intend to do that. Obviously, I believe in precision of language. I also believe in getting the point across. I do think that what we have done is put money into readiness to some degree; not enough.

I disagree with the gentleman's contention that we are ready. The message I am getting from everybody is that we are on the ragged edge of readiness and there is a lot of indications of that as well. We have taken money out of budgets, which are now dangerously low, in order to fund readiness.

Yes, we will ramp up down the road, but we are talking about a long leadtime for this modernization and this procurement. How much more is it going to cost us to ramp up down the road than it would cost us now if we were putting some more money into this budget.

Mr. DELLUMS. If I might take back—

Mr. TALENT. Yes.

Mr. DELLUMS [continuing]. My time so we can move forward.

Mr. TALENT. And not interrupt the gentleman again—

Mr. DELLUMS. Thank you.

Mr. TALENT [continuing]. And I thank the gentleman—

Mr. DELLUMS. I would appreciate it if our witnesses would respond to two points. Are we on the ragged edge of readiness? I would appreciate straightforward, and I know both of you have the capacity to do that.

Second, from your perspective, long-term modernization procurement issues, are we indeed "robbing Peter to pay Paul" or are we in fact drawing down prudently and within an acceptable range of risk on excess inventory allowing us to address the modernization issues downstream?

You can answer it anyway you want. I do not want to put words in anybody's mouth.

Admiral MACKE. Sometimes the questions are easier than at other times. I think as I said in my oral statement, we are on the edge on readiness. I do not know where the edge of readiness is. I honestly do not.

We have had problems. We had problems last year where, in the Pacific, we had to stand down some air wings, Navy air wings, for

a short period of time. That obviously reduced our readiness. These were ones that had just returned from deployment. We had a deficit in our flying hours that we had to make up in some fashion, due to contingency operations.

Due to contingency operations in this case that had to do with Korea. We extended a carrier for a period of time in a Korean area during the tension there. That is what you have got to do. That is what a military is for. We certainly have to do it.

I think we are playing on the edge of readiness. I was very serious on the three points that I made with regard to maintaining our readiness for the next year. That is really what I am talking about is for the next year. Whether it is "robbing Peter to pay Paul" or not, there was a conscious decision made to postpone modernization.

I think maybe a better term than modernization really is recapitalization. In some cases, it is not buying new equipment, more modern, more high technology equipment, but it is buying replacement equipment; be they more F-16's, be they more M-1 tanks. But the inventory we have in the spares category we did live off of that during the draw down. I think we maintained readiness very high because of it.

Now we have got to restock some of those spares. We are getting pretty level now and we have been living off of this draw down. So you get a false sense of economy in there, if you will, that you need to watch very closely.

Again, whether it is "robbing Peter to pay Paul," that is a semantics thing. There was a conscious decision to delay to postpone modernization so that we could maintain readiness and maintain force structure in the near term.

Mr. DELLUMS. I appreciate your answer, sir. Thank you.

General LUCK. Sir, I just discovered what this light was. I thought it would come on and off every time I started talking, signifying whether the answer was appropriate or not. I just figured out what it was.

Mr. DELLUMS. That is the way we feel up here sometimes.

General LUCK. First of all I would just tell you as a citizen of this great country that makes me feel proud to hear the debate I just heard between two very insightful, knowledgeable people on a very serious subject.

I think that serves our country very well that it goes on that way. It made me feel good. I think I kind of answered this question the best I could earlier. I said, I think Mr. Talent, was not in here at that time, but I felt like we had mid-term readiness problems that were going to visit us because of the fact that we are putting some of our O&M money now against our training readiness.

We probably should be spending that to fix these buildings, fix the pipes and those things. I said long-term readiness, what we did not seem to be doing was capitalizing against technological advantage.

One could then begin to reason, well, how much technology is enough? That is why I enjoyed this debate. I know we will figure it out. I do not know the answer to it. All I know is that as a commander, I want better technology than the other fellow because that translates into winning and saving lives.

If I was going to err, I would want to err on a heck of a lot more technology. The story being that the—guy will always tell you that the best way to take the hill is for the last man to die on the top.

I would rather rush up there with a thousand people and get them all up there. So, I would try to err the other way. I think the other readiness thing we got, for me, is strategic lift. I think we have got to solve that. We have got to solve that in terms of the replacement for the aging Air Force fleet, the C-5 and the 141.

I think we have got to continue what we are doing in the Navy to provide the kind of shipping we need to move across the sea the large amounts of materials that we would need in this strategy that we have adopted which is to force project as opposed to forward deploy. Those two things go together.

Force projection, a small force, has to go hand in hand with the ability to get it there quicker. That is strategic lift, both air and sea.

Mr. DELLUMS. Thank you.

The CHAIRMAN. I thank the gentleman. You know, while we are at it, and I put it on the record too, I think I might say a few words about what I have gained from what we have been hearing, not only today, but in the other hearings too about readiness.

I think what I have been hearing is that short-term readiness, we are in pretty good shape. It has been brought out that we have gotten to this place because of having to rob other accounts; training, maintenance, spare parts, all of these things just to get money for operating.

The supplemental bill that we just passed the other day is going to help to restore all of those kinds of things, even though I have some question in my mind that you can never go back and restore some of the things you have lost because of it.

Just for the sake of argument, say we are made whole, so to speak—but I was interested to find out the other day in talking to the Chiefs that the same thing is happening again. It is ongoing. The contingencies and so forth that are causing us to have to rob these other accounts are still ongoing.

More are going to be coming along. So, we will be back in the same position in the near future if we do not do something because the budget does not provide money for these things now. That is all right for short-term readiness.

Then everybody says or seems to think that long term is the problem. Long term, I do not think people are saying 10 or 20 years. Long term means after the first couple of years, as far as I am concerned.

Then everybody says that we need modernization, recapitalization as distinguished between living off of surplus. That is two different things. You cannot live off of the surplus equipment we have when you are talking about modernization.

Modernization, recapitalization means just what it says; new equipment, technology, all of those things, plus lift capability that we have to have. It means things like F-22's. It means the lift capabilities; the C-17's.

All of these kinds of things come under modernization which we have to look at. So, long term means those kinds of things and that

was just what I wanted to inject right there. We have to go now and get Mr. McHale, the gentleman from Pennsylvania.

Mr. MCHALE. Thank you, Mr. Chairman. Gentlemen, welcome. I thank you for your testimony. General Luck, when you said the Korean Legislature was just like the Congress, was that a compliment, a criticism, or a neutral observation? I am teasing. You can answer that in closed session, if you would like.

General LUCK. It was a compliment to them and you. They have really made some—I am really pleased at what they are doing over there from where they came from.

Mr. MCHALE. I was teasing when I asked the question, but I like the answer in any event.

Before I present a series of questions, I would like to associate myself with the remarks of the gentleman, Mr. Talent. While Jim and I might have some difference of opinion as to the current state of readiness, I truly have never heard a better statement more succinctly presented as to what our foreign policy and defense structure should be in relationship to China.

I think Jim looked into the future very perceptively a few minutes ago. I would like to fully associate myself with his very thoughtful remarks.

Mr. TALENT. If the gentleman would, I appreciate that.

Mr. MCHALE. No; I am not going to yield.

Mr. TALENT. I am still smarting under the comments of my friend, the gentleman from California, but that helps a little bit, so, thank you.

Mr. DELLUMS. You and I always play off of each other though. It is friendly.

Mr. TALENT. We ought to go on the road if I can say that to the gentleman. I thank the gentleman. I am sorry for taking your time.

The CHAIRMAN. We have had a good exchange.

Mr. MCHALE. As someone who has stood in the middle between two gentlemen, blessed are the peacemakers.

General Luck, I have read your entire prepared testimony. Without meaning to be critical, simply noting, your testimony is remarkably thin on the subject of the agreed nuclear framework. You do not talk very much about it.

Using terminology that those who are seated behind you would recognize, could you give us a situation report? Could you give us a candid appraisal in terms of capabilities and threat analysis involving intent as well as those battlefield capabilities?

Are we more secure today than we were prior to the time that agreement was negotiated? What positive, tangible responses have you seen in terms of North Korean policy?

General LUCK. First of all, I did not address the Agreed Framework very much because quite honestly, it is not in my arena. It is a State Department program that has been put in place.

From my perspective, I am very much in favor of it. I was very much in favor of it being negotiated and signed because anytime you can put your arms around nuclear proliferation, you have done the right thing.

I know there is a lot of debate on that subject back here, which I am not sure I understand all of it in terms of the cost and all. The alternative to that, that I was sitting there watching begin this

last summer did not look like it was going the right way. The agreed framework certainly has changed the diplomatic and political tension in that arena.

Mr. McHALE. What has it done militarily?

General LUCK. It has not changed militarily the conventional force of the North Koreans one iota. That has always been my biggest concern, even bigger than the nuclear, but I still think that putting the nuclear proliferation under control up there is the right thing to do.

I also think that lowering political and diplomatic tension is important because usually, normally, almost always diplomatic and political tension are what lead us into war.

Mr. McHALE. Your response is very straightforward. I really was asking of you as a military leader, not so much an analysis of the foreign policy implications of the agreement.

I have a concern. You address it somewhat on page 9 of your testimony. You correctly indicate that this agreed framework will be implemented over an extended period of time. Without going into classified information, there is some concern as to whether or not North Korea has already acquired one or more nuclear devices.

Most of our attention has focused on that fact and the desire to preclude an further acquisition if indeed they have such weapons currently. My primary concern has been with regard to the delivery systems.

Does the agreement affect in any way the continuing development of missile delivery systems? If it does not, what kind of position would we be in 5 years from now if the North Koreans had developed a far more capable delivery system, and if as Admiral Macke has noted, the North Korean leadership remains isolated and unpredictable?

If, in fact, we no longer have a desire for agreement 5 years from now, will we be in a precarious position should a better delivery system be mated to an existing nuclear capability?

General LUCK. Well, as you know they have a very strong missile program right now. They are working on the SCUD. They have a number of BNC. They are working on the DOEDONG. There is talk of a TAPODONG; those kinds of things. We are watching that pretty closely. Anytime you have a delivery system, the stakes have gone up. It is clear.

Mr. McHALE. We have not limited their development of improved delivery systems in any way; have we?

General LUCK. In the agreement?

Mr. McHALE. That is correct.

General LUCK. Not to my knowledge. I am not as smart about the inner workings of that agreement as I need to be. I do not think it had anything to do with that. I think it had to do with nuclear proliferation.

Mr. McHALE. That red light has come on. I will terminate my questions. I will simply present to you, I have a great concern that 5 years from now, they could conceivably have a nuclear device with a superior delivery system. Should that unpredictable military and political structure abrogate the agreement, we could find ourselves in a very precarious position.

Mr. McHALE. I could not agree with you more.

General LUCK. I have that same concern probably with a factor a little bigger because of how close I am.

Mr. MCHALE. Thank you, Mr. Chairman.

Mr. STUMP [presiding]. Mr. Tanner.

Mr. TANNER. Thank you, Mr. Chairman. I will not take but a second. I want to thank our witnesses for being here, General Luck and Admiral Macke. Mr. McHale asked basically what I had in mind. So, General Luck, I was going to ask you, last Friday the North Koreans apparently demonstrated somewhat about part of the agreement calling for the South to build two light-water nuclear reactors in the North. Had you left when that took place? Are you familiar with that?

General LUCK. I am very familiar with it. There is a great debate that is going on now in the press. That is where my insight is, is from the press about the light-water reactor; who would build it and where it might come from. I think Mr. Golouche probably has a better handle on how all that is working. My knowledge is really pretty thin.

Mr. TANNER. There has been a lot of press coverage of Yong Kim and the political succession, leadership, however you want to characterize it in the North. What do you see or what would be your observation as to him, I guess, but more importantly maybe the military leadership in North Korea as it has been affected or not affected by this?

General LUCK. There are some things we know, and some things we imagine we know, and some things we just imagine.

Mr. TANNER. That is the same way it is here.

General LUCK. Junior has followed his father, Kim Il Sung who is a deified figure in every facet of North Korean life; religiously held godlike in their image.

One can say whoever might follow that kind of fellow has got a hard set of shoes to fill. First, he starts from a very secondary, less important position. He is very slowly assuming power.

We do not know much about North Korea. It is a tough thing to understand. We watch and get indicators. We think he is moving to eventual succession in all three of the top spots. How he will react and what he will do against that backdrop is another thing.

One can only logically assume that the leadership of the North is less solidified now than it was when Kim Il Sung was in power. Whether that is a good thing or a bad thing, time will be the test. My assessment is that they may be more dangerous now than they were because of the stability issue, but they will not be as strong because they do not have the kind of leadership they had before. That is the best I can do with that one.

Mr. TANNER. Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. STUMP. I thank the gentleman. The gentlelady from California, Ms. Harmon.

Ms. HARMON. Thank you, Mr. Chairman. Gentlemen, I was sorry to miss your oral testimonies, but I have read it. I have two observations and two questions.

First of all, General Luck, I really appreciated the comment you just made to Mr. Dellums and Mr. Talent. I totally agree with you on both the substance and the bipartisan nature of this committee

makes it a great committee of this House. I am proud to be a member of it in my second term. I appreciate the fact that you have noticed it as well.

Admiral Macke, in your testimony which is written in a very personal way. I want to say that you have made some observations that I agree with, but that really clarify what we are talking about when we talk about readiness.

This long passage that you have on pages 14 and 15 about testing the edge of the envelope and the analogy you make is really excellent. You obviously put a lot of time into this testimony. As one who did read it, I want to say how good it is.

Two questions that I hope have not been asked before. I do apologize for being late. First of all, General Luck, on the subject of Operation Team Spirit, I do not know if anyone has asked you about it. I am aware that you and Senator Warner had an exchange about this recently. I would just invite any observations you have about the calling off of the exercise this year and what you think about that and how it relates to stability in the region.

General LUCK. Mr. Cunningham did ask that before, but I will be more than happy to answer it again. It became, as you know, a political and a diplomatic tool. When that happened, as a military fellow who is supposed to worry about military things, we began to migrate the tasks that were accomplished in Team Spirit to other exercises throughout the year.

As a matter of that process, we were able to spread them out throughout the year and in fact able to do some of those tasks more than once. So, in effect, we became better at doing this training thing than we were before.

Team Spirit and all of those troops in the field is a very archaic way of training staff. You can do it better now with the computers. Technology can provide that framework for the training.

Senator Warner and I were fussing at each other because in the open session he had asked me a part of a question I could not answer. When we went in closed session, I filled in the answer. He said, OK, and patted me on the back. I felt a lot better.

Ms. HARMON. In the spirit of Mr. McHale's peacemaker, and as the only mother sitting on this hearing panel at the moment, I just wanted to be sure everything was okay.

Admiral Macke, another question that I doubt has been asked; Venice, CA is in the northern part of my district. It does not resemble much else in my district. There is a big wall on one of the main streets there that says, don't forget our POW-MIA's. It lists all of the names, I guess, of local folks who served. It is a very touching thing to drive by regularly as I do.

I am very aware that you flew more than 150 combat missions in Southeast Asia in the Vietnam war and that you have been very active on this issue. I would invite for the record any current comments you have to make about the POW-MIA discussion.

Admiral MACKE. The overall progress, Ms. Harmon has been good in the POW-MIA effort. I guess you have also got to take that in a sense of relativity. There are still a tremendous number that are not accounted for. We will continue that effort until we have the fullest possible accounting.

Those words are key to it. In fact, the Joint Task Force Full Accounting is still finding the remains from World War II. In fact, we have found some remains in the South Sea Islands over the last year that have been identified. We have been able to close cases from back that far.

The effort to do the accounting is something that will continue for a long period of time, I believe. As a pilot from Vietnam it was very emotional for me to go to Hanoi, when I did that last fall. Probably the most striking things that I remember about it are the Vietnamese people and the Americans out in the field, Vietnamese villagers, working shoulder to shoulder with our teams excavating the side of a mountain and searching and sifting through literally tons and tons of dirt to find things as small as a fingernail and a bone fragment.

I mean, really, very, very small pieces that they are coming up with that all aide in trying to do that identification; hard, physically hard work.

They are working side by side doing that. I guess the other major thing that I got from it, I apologize for using up all of your time, is that as I walked through the streets of Hanoi, in uniform, in broad daylight with no security, people smiled at me.

Little children came up and said hello in English. I am told 5 years ago it was in Russian. Today it was in English. When I was there it was in English. It was truly an emotional experience.

The Assistant Secretary of State told me that half of the population is under 20 years of age. They do not remember a war. The war is over and let's get on with it.

Ms. HARMON. I appreciate those comments. I appreciate your statement that this job is not over. A lot of our constituents, certainly including me, remember that war vividly and have not forgotten. Thank you both.

Mr. STUMP. I thank the gentlelady.

Are there any other questions from the members?

[No response]

Mr. STUMP. Admiral Macke, any statements you would like to make?

Admiral MACKE. No, sir. I appreciate your time, Mr. Chairman.

Mr. STUMP. General Luck.

General LUCK. Thanks a lot, sir.

Mr. STUMP. We thank you both. We thank you and we appreciate the job you and the men and women under your command do. Thank you very much for being with us.

No further business. The committee stands adjourned.

[Whereupon, at 11:25 a.m., the committee was adjourned.]

[The following questions and answers were submitted for the record:]

Mr. SPENCE. Admiral Macke, how have budget reductions over the past few years affected the readiness of your forces? How have the following areas been affected: training, inventory of parts, fuel, ammunition, and quality of life?

Admiral MACKE. The impact on readiness over the past few years was minimal. Readiness levels remained steady by using personnel, equipment, and supplies generated from unit deactivations, cushioning the effects of reduced funding and personnel.

Planned reductions in force structure coupled with an increase in contingency operations resulted in some missed training opportunities.

Increased transportation costs caused delays in shipping of equipment and spares. This resulted in a temporary draw-down of some spares.

In-theater turnover of precision munitions to replacement units is required. These turnover requirements indicate sufficient precision munitions are not available.

Recent budgets have supported quality of life programs necessary to provide our service members a lifestyle they deserve and maintain confidence in their military careers.

Mr. SPENCE. General Luck, what impact have you felt in Korea?

General LUCK. In the past, because of anticipated East Asia Strategy Initiative reductions, budgets have been constrained in Korea. Because of this situation, U.S. Forces Korea operated from year to year and was unable to establish a viable long range program. However, combat readiness was not degraded. Instead, quality of life, and maintenance of infrastructure suffered, and we have had to use Nonappropriated Fund dollars to support Morale, Welfare and Recreation activities normally supported with Appropriated Funds (e.g., gymnasiums, physical fitness centers, etc.). That situation has changed. Thanks to recent efforts by the Congress and DOD, our funding levels have generally been restored. Our Fiscal Year 95 funding and the funding in the President's Fiscal Year 96 budget request will support our readiness goals.

Budget reductions have had a minor impact on ammunition, fuels and repair parts availability for U.S. forces in Korea. Sufficient munitions, fuels and repair parts are either on hand or readily available to accomplish our mission. However, ROK forces rely heavily on the U.S. industrial base and sustainment stocks for their support. Without U.S. sustainment stocks, ROK forces deplete their war reserve stocks in the early phases of a conflict. As examples, ROK reserve ground forces have significant deficiencies in chemical protective clothing, major weapons systems (tanks, helicopters, artillery), ammunition (155m DPICM, 4.2" mortar), and medical supplies. The continued procurement of modern/preferred munitions is necessary to increase our war fighting capability. As older munitions are rotated out of the stockpile, they should be replaced with modern/preferred munitions. Currently, it appears that only minimal quantities of U.S. preferred munitions, that were so decisive in the Gulf War, are being procured.

Mr. SPENCE. Admiral Macke, what is the impact of the deployment to Haiti of elements of the 25th Infantry Division?

Admiral MACKE. There is no impact at the joint level. At the unit level, there is minimal impact due to training required after forces return home before they are fully ready to perform their wartime missions.

Mr. SPENCE. Some Asian leaders have openly expressed concern about American withdrawal from the region. Admiral Macke, to what extent are U.S. friends and allies voicing concerns about U.S. "staying power" in Asia? What do they cite as the basis of these concerns?

Admiral MACKE. As I travel throughout my Areas of Responsibility, virtually every senior military and civilian leader I meet asks the question "Will you stay engaged?" They agree that the Asian "economic miracle" rests on a foundation of regional stability and security which is underwritten by the visible forward presence of capable American forces and credible U.S. security assurances.

The Asian perception of a possible U.S. withdrawal stems from: the downsizing of U.S. military forces; perennial U.S. budget deficits; worries about return to isolationism by the U.S.; and the collapse of the Soviet Union. The recent DOD East Asia Strategy Report has been helpful as a firm policy statement of continued U.S. engagement.

Mr. SPENCE. Admiral Macke and General Luck, how does the number of U.S. forces and the level of activity (e.g., exercises) in Asia compare to earlier numbers and levels?

Admiral MACKE. Forward deployed PACOM forces have decreased by roughly 15,000 personnel from 1990 to 1995. The largest decrease occurred among naval forces. These reductions are largely attributed to the Bottom Up Review. In addition, the U.S. withdrew from bases in the Philippines (Subic Bay, Clark, Cubi Pt.). In Korea, U.S. troop levels and units have remained relatively stable.

We have attempted to maintain our presence in this region in spite of the overall reduction in forces. For example, we conducted 37 joint exercises in 1990, 29 in 1991, 21 in 1992, 27 in 1993, 26 in 1994 and 30 in 1995. This trend can also be seen in other activities such as United States military involvement in Humanitarian Assistance and Disaster Response missions. These missions include Operation Sea Angel, Typhoon Omar and the recent Kobe earthquake. We have also seen an increase in the out of area deployment for PACOM based forces such as DESERT STORM, SOUTHERN WATCH and more recently to Haiti.

Mr. SPENCE. General Luck, how does the number of U.S. forces and the level of activity (e.g., exercises) in Asia compare to earlier numbers and levels?

General LUCK. As reported in CINCPAC's testimony; "Forward deployed PACOM forces have decreased by roughly 15,000 personnel from 1990 to 1995. The largest decrease occurred among naval forces. These reductions are largely attributed to the Bottom Up Review. In addition, the U.S. withdrew from bases in the Philippines (Subic Bay, Clark, Cubi Pt). In Korea, U.S. troop levels and units have remained relatively stable.

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Mr. SPENCE. Some Asian leaders have openly expressed concern about American withdrawal from the region. Admiral Macke, in your opinion, what would happen if the United States decided to withdraw most or all of its forces from the region?

Admiral MACKE. The absence of a visible forward presence of capable American forces will certainly decrease our ability to provide credible security assurances. Beyond this, however, I see the tapestry of region stability unraveling causing harm to both regional security and U.S. interests. Possibilities include: U.S. influence and clout greatly diminished; a regional hegemony surfaces; a regional arms race develops in response to a hegemony; and development of competing alliance blocks. Attempts to recreate the stability lost by U.S. withdrawal would be inherently destabilizing.

Mr. SPENCE. General Luck, in your opinion, what would happen if the United States decided to withdraw most or all of its forces from the region?

General LUCK. A combined ROK-U.S. military effort is required for a successful defense of the ROK. The physical presence of U.S. troops in Korea, and a strong U.S. commitment to quickly reinforce the ROK are the most important factors deterring North Korean aggression. North Korea still poses a serious threat to peace and stability on the Korean Peninsula and continues to promote military strength over basic economic, political and social development. One of the most militarized countries in the world, North Korea is an isolated, overly distrustful state, and has demonstrated in the past that it is prepared to attempt to use military power to intimidate its peaceful neighbors. North Korean actions indicate that it intends to possess a viable military option in case it cannot negotiate reunification on what it considers acceptable terms. If the American presence in Northeast Asia were removed, the security of Korea would be imperiled by this force, with consequences for the ROK and U.S. alike.

Peace and stability in Northeast Asia are most important to the security and economic well being of the U.S. Our history and geography make the U.S. a Pacific power with major political, military and economic interests in the region. A credible forward-deployed military presence provides for the peace and stability essential to the formation and expansion of healthy economic markets and democratic institutions, while permitting us to share in important regional security decisions. Moreover, our military presence helps to deter a war that could destroy the viability of the region as a major market for American products and services. These interests are especially critical to our future since the balance of economic power continues to rapidly shift toward Asia.

Mr. SPENCE. The October 21, 1994, U.S.-North Korean "agreed framework" is intended to freeze the North's nuclear weapons program, and requires the North to dismantle certain critical facilities in the future. In exchange, the United States is required to extend political and trade benefits to North Korea, and to lead an international consortium to provide new nuclear reactors to provide electrical power for North Korea.

General Luck, what is the status of North Korean implementation of the nuclear accord? What steps has North Korea taken, and what steps have the United States taken?

General LUCK. Assuming the signing of a supply contract, the implementation of the Agreed Framework is on schedule with both the U.S. and DPRK abiding by their commitments.

The chart below addresses the major actions taken by the U.S. and DPRK to implement the nuclear agreed framework.

## NUCLEAR AGREED FRAMEWORK IMPLEMENTATION

[As of 22 Mar. 1995]

U.S. Actions	Time		DPRK Actions
	Proposed	Actual	
Provide assurances for the LWRs and alternative energy.	.....	21 Oct 94 .....	Freeze reactors and related facilities.
	1 month .....	Verified 28 Nov 94 .....	DPRK's freeze fully implemented, IAEA allowed to monitor.
Expert level talks on spent fuel transfer.	1 month .....	Talks began 12 Nov 94 .....	Expert level talks on spent fuel transfer.
Reduce barriers to trade and investment.	3 months .....	nK lifted some barriers 9 Jan 95 US lifted barriers in 4 areas 20 Jan.	Reduce barriers to trade and investment.
Deliver 50,000 tons of heavy fuel oil.	3 months .....	Delivered ahead of schedule 19 Jan 95.	
Conclusion of the supply contract.	6 months (target date) .....	Talks began 30 Nov 94. Jan 95 draft contract provided to nK. Next talks set for early Apr.	Conclusion of the supply contract.
	6 months .....	IAEA talks began 21 Jan 95	Ad hoc and routine inspections at facilities not subject to the freeze.
Open liaison office .....	After resolution of consular and technical issues.	Talks began 6 Dec 94—both parties looking for property.	Open liaison office.

Mr. SPENCE. General Luck, why has North Korea balked at receiving South Korean-designed nuclear reactors? What is Russia's role, if any, in the provision of reactors?

General LUCK. On 9 March 1995, Deputy to the Ambassador at Large, Samore and the DPRK Mission Counselor, Han met to discuss Agreed Framework implementation. [DELETED—CLASSIFIED INFORMATION.]

Russia is willing to provide LWRs to the DPRK, but is not willing to finance the project. The U.S., ROK and Japanese position is that ROK standard reactors are the only viable option since the ROK will provide the vast majority of the funds to construct the reactors.

Mr. SPENCE. The October 21, 1994, U.S.-North Korea "agreed framework" is intended to freeze the North's nuclear weapons program, and requires the North to dismantle certain critical facilities in the future. In exchange, the United States is required to extend political and trade benefits to North Korea, and to lead an international consortium to provide new nuclear reactors to provide electrical power for North Korea.

Admiral Macke, are you concerned about the precedent this agreement sets for other would-be nuclear proliferators? What do you see as the implications of the agreement for broader nuclear nonproliferation policy?

Admiral MACKE. This agreement does not set a precedent for other potential proliferators. What it does show is that through the "agreed framework" process, we generated and nurtured a willingness on the part of the international community to act in concert for non-proliferation goals. The key implication for broader non-proliferation policy is that the international community can, and will, work together to dissuade potential proliferators from pursuing nuclear weapons.

Mr. SPENCE. General Luck, are you concerned about the precedent this agreement sets for other would-be nuclear proliferators? What do you see as the implications of the agreement for broader nuclear nonproliferation policy?

General LUCK. The United States negotiated an agreed framework which requires North Korea ultimately to return to full compliance with its obligations under NPT and the IAEA's safeguards agreement. The message the U.S. sent to other would-be proliferators is clear. The United States does not, and will not walk away from a safeguards violation. The agreed framework does not set a precedent for other potential proliferators. The situation in North Korea is entirely different than in other countries such as Iran. North Korea is a case in which you have an existing enormous gas-graphite reactor program. This program will be eliminated by virtue of a trade in which North Korea accepts a much more proliferation-resistant technology.

The Agreed Framework did not establish a troublesome precedent for our non-proliferation policy. I agree with Ambassador Gallucci who said: "I think a precedent is not a good word. Lesson is much better, and as a lesson, I think it's an excellent lesson. The United States of America, the Security Council of the United Nations will not walk away from a material violation of safeguards, . . . the United States will not leave its allies confronting a nuclear weapons program in another country without dealing with it, and I think we've done exactly that."

Mr. SPENCE. North Korea continues to develop long-range missiles and other potentially destabilizing military hardware. Admiral Macke, how great a threat are North Korea's NoDong and TaepoDong missiles? Can these missiles reach targets in Japan? How has Japan responded to this potential threat?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. North Korea continues to develop long-range missiles and other potentially destabilizing military hardware.

General Luck, how great a threat are North Korea's NoDong and TaepoDong missiles? Can these missiles reach targets in Japan? How has Japan responded to this potential threat?

General LUCK. U.S. Forces Korea assesses that the Nodong and Taepodong missiles pose a [DELETED—CLASSIFIED INFORMATION] threat [DELETED—CLASSIFIED INFORMATION]. Both the Nodong and Taepodong could carry nuclear, biological and chemical (NBC) warheads. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. Admiral Macke, how effective is our ability to track shipments of North Korean-produced missiles to countries like Syria and Iran? Does the U.S. have the ability to stop these shipments, if a decision was made to do so? How would you carry out such an order?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

Yes, U.S. military forces can stop a shipment by sea. Halting air transfers requires cooperation by countries which control the airspace along delivery routes.

Mr. SPENCE. Admiral Macke, do you believe North Korea would use nuclear, chemical or biological weapons in a conflict? How prepared are we for such an attack or attacks?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

United States forces stationed in Korea are trained in nuclear, biological, and chemical (NBC) warfare. NBC training is integrated into most military training. They are equipped with the best NBC individual equipment currently available. Decontamination solutions and equipment are available to counter any persistent agent attacks. The US does not have equipment to conduct terrain decontamination of sea and aerial ports of debarkation. However, ROK forces do have equipment and are prepared to decontaminate these ports. Large area decontamination will be required if these ports are contaminated with a persistent agent. ROK forces are issued one chemical protective overgarment per soldier while US soldiers are issued two. This could cause logistical supply problems if persistent agents were used by North Korea.

Mr. SPENCE. General Luck, do you believe North Korea would use nuclear, chemical or biological weapons in a conflict? How prepared are we for such an attack or attacks?

General LUCK. Yes. [DELETED—CLASSIFIED INFORMATION] they would certainly use them in war. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. Despite strong economic growth throughout the region, the potential for instability and conflict remains high in some locations, particularly on the Korean peninsula and between India and Pakistan. Admiral Macke, what do you see as the principal U.S. interests at stake in the region? What are the principal challenges to those interests?

Admiral MACKE. Our principal interests in the region are continued U.S. economic growth, regional stability, and maintaining healthy alliances. Asian markets will be increasingly central to the creation of U.S. jobs. Those markets require continued stability. Some of the challenges to these interests are the possible regional conflicts you have already mentioned, the proliferation of weapons of mass destruction, territorial disputes such as the Spratly Islands, illegal drug trafficking, religious and ethnic conflicts, and the intent of Chinese military development.

Mr. SPENCE. Despite strong economic growth throughout the region, the potential for instability and conflict remains high in some locations, particularly on the Korean peninsula and between India and Pakistan. Admiral Macke, what is the U.S. strategy for responding to these challenges, and what role does the U.S. military play in this strategy?

Admiral MACKE. Pacific Command implements the National Strategy through our theater military strategy called "Cooperative Engagement". Cooperative Engage-

ment is a comprehensive approach that guides the employment of the entire range of our military resources.

In peacetime, we pursue reassurance through the forward stationing and deployment of military forces, as well as a broad range of military activities. Our presence and our peacetime military activities reinforce our relationships with friends and allies, reassuring them with respect to our long-term commitment, the effectiveness of our warfighting capability, and the values and quality of our people. In crisis, we work to deter aggression and encourage cooperation with our friends and allies. In conflict, we remain ready for decisive "compellence"—victory in combat.

Mr. SPENCE. Despite strong economic growth throughout the region, the potential for instability and conflict remains high in some locations, particularly on the Korean peninsula and between India and Pakistan. Admiral Macke, where in your area of responsibility is the likelihood of conflict the highest, and why? What steps is the U.S. taking to lessen the risk of war?

Admiral MACKE. In my opinion, the likelihood of conflict within the Pacific Command's area of responsibility is the highest on the Korean Peninsula. [DELETED—CLASSIFIED INFORMATION.]

The presence of U.S. troops in Korea and a strong U.S. commitment to quickly reinforce the Korean peninsula are the most important factors deterring North Korean aggression. A clear U.S. security commitment is essential to Seoul's ability to deal effectively with Pyongyang. As long as North Korea clearly understands that the ROK/U.S. security relationship is strong and responsive, it is denied a realistic military option.

Mr. SPENCE. General Luck, what is the status of the "Team Spirit" exercise for 1995?

General LUCK. The U.S. and Republic of Korea Governments announced on 25 February 1995 that they would not hold the TEAM SPIRIT exercise scheduled for March 1995 in light of projected North Korean compliance with the agreed framework. Due to this decision, Combined Forces Command and all supporting commands have terminated preparations for the exercise.

Mr. SPENCE. General Luck, how important is this exercise to the training and readiness of the combined U.S.-South Korean active and reserve forces?

General LUCK. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. General Luck, please provide a description and timetable for all major training exercises (including command post exercises) scheduled for fiscal year 1996 and proposed for fiscal year 1996. How much funding has been requested in the FY 1996 DOD budget for these exercises? In your judgment, is this level of funding adequate to assure the readiness and proficiency of U.S. forces?

General LUCK. Fiscal Year 95 Training Exercises:

Foal Eagle (1 November–7 November 1994): A joint and combined field training exercise focused on improving interoperability and readiness in the areas of: rear area protection; reception, staging, onward movement and integration of augmenting forces; special operations; and conventional air land and sea force-on-force operations.

Team Spirit (Scheduled [DELETED—CLASSIFIED INFORMATION] however it was not conducted): A coordinated series of Combined Forces Command's air, land, naval and special operations component-level joint and combined training events focused on improving ROK/U.S. interoperability and readiness.

Reception, Staging, Onward Movement and Integration (RSOI) [DELETED]: A combination of briefings, terrain orientation and command post training designed to focus on the RSOI of augmenting forces and the command relationships in Combined Forces Command (CFC), U.S. Forces Korea (USFK), Republic of Korea agencies/commands, and augmenting U.S. forces during this rear area operation.

Ulchi Focus Lens [DELETED]: A joint and combined command post exercise, conducted in conjunction with the Republic of Korea Government's national mobilization exercise, that focuses on critical phases of OPLAN 5027. The deep, rear and close battles are exercised to improve synchronization and associated command and control.

Fiscal Year 96 Training Exercises:

Foal Eagle [DELETED—CLASSIFIED INFORMATION]: Description same as above.

Team Spirit [DELETED—CLASSIFIED INFORMATION]: Description same as above.

Reception, Staging, Onward Movement and Integration (RSOI) [DELETED]: Description same as above.

Ulchi Focus Lens [DELETED]: Description same as above.

	Incremental costs/ port handling and in-land transpor- tation <sup>1</sup>	Strategic deployment costs <sup>2</sup>
Foal Eagle .....	\$2.00M/\$.500	2000 C-141 hours + \$3.173M sealift.
Team Spirit .....	\$0.75M/\$.100	800 C-141 hours.
RSOI .....	\$2.00M/\$.500	1200 C-141 hours.
Ulchi Focus Lens .....	\$4.50M/\$.100	2200 C-141 hours.

<sup>1</sup> These are the funds that CFC/USFK have requested from the Department of the Army who, as the Command's Executive Agent, provides for the Command's in-country exercise incremental costs.

<sup>2</sup> These strategic deployment resources are programmed by JCS and allocated to and managed by USPACOM for CFC/USFK exercises. The above C-141 equivalent flying hours reflect the strategic deployment resources CFC/USFK has requested from USPACOM.

Yes, in my judgment this level of funding is adequate to assure the readiness and proficiency of U.S. forces.

Mr. SPENCE. Tensions on the peninsula remain high despite the October 21, 1994, U.S.-North Korean framework agreement on nuclear weapons.

General LUCK, in terms of capabilities, has the threat of a short-warning military attack by the North against the South diminished since the signing of the "agreed framework" on nuclear weapons? Is it true that since the nuclear agreement was signed, the North has reinforced its ability to launch a short-warning attack on the South since?

General LUCK. There is no indication that North Korea is decreasing its military buildup. [DELETED—CLASSIFIED INFORMATION] and large numbers of long-range artillery and multiple-rocket launchers are being deployed in hardened sites on the DMZ with the capability to destroy targets in and around Seoul. [DELETED]. The North appears intent on having a force structure in place that gives it a credible near-term offensive military option.

Yes, North Korea has reinforced its ability to launch a short-warning attack in the sense that North Korea has improved the capabilities of its forward deployed forces. [DELETED].

Mr. SPENCE. South Korea is spending a significant amount of its force improvement budget on capabilities designed more for projecting power than for improving ground forces. For example, the South is procuring F-16 fighter aircraft and submarines and destroyers.

General LUCK, what is the prognosis for South Korea placing greater emphasis within its force improvement program on improving ground forces? What types of systems do we wish to see South Korea purchase or develop, and why?

General LUCK. The ROK Force Improvement Plan (FIP) has a very limited budget and a significant number of active and planned improvement programs for all three services. There has been little or no real growth in the ROK FIP budget since 1989. The ROK is not able to significantly alter their procurement plans due to long planning and acquisition lead times, a limited non-growth budget, and improvement objectives that are not limited to ground forces. The good news is that there are several worthwhile ground force programs in the FIP such as: UH-60 co-production; M9ACE co-production; M109A2 co-production; AR recovery vehicle and AR vehicle launched bridge production; and the K-1 tank production. CFC's top priority ground force requirements for the ROK are making a difference on a small scale in short term procurement and a bigger difference in the long-term as the ROK aligns their ground force programs to CFC top priorities within the ROK Army's limited share of funding. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. General Luck, why does South Korea continue to procure or develop such non-essential defense capabilities such as submarines and destroyers?

General LUCK. The ROK Force Improvement Plan (FIP) includes objectives to lessen the dependence upon U.S. forces and to create a more balanced armed force with joint projection capabilities. ROK Minister of National Defense publicly explains these objectives as to "establish a self-reliant defense capability . . . and (due to) the future strategic environment, the role of ROK armed forces should be gradually increased to assume a leading role in the defense of Korea, while the United States plays a supporting role. To prepare for defense budget reductions and a role change of the U.S. forces in Korea, we must maximize integrated combat efficiency of our armed forces through a balanced improvement of combat capabilities of each service and each functional area." Their navy is mostly a coastal defense force with some corvette class ships and only recently some German type 209 submarines. The ROK Navy destroyer program is a viable program to replace 50 year old GEARING

and SUMNER class destroyers transferred from the U.S. government between 1972 and 1981 with modern high performance indigenous destroyers. The ROK Navy diesel submarine production program strives to bring a new dimension to the ROK in order to counter and deter the significant North Korean threat. These new ROK capabilities will provide CFC an in-place naval deterrence and combat capability not currently available until U.S. Naval forces deploy from worldwide stations. These two ROK Navy programs can hardly be considered non-essential when viewed from the ROK perspective of developing a self-reliant but U.S. complementary defensive force or from the CFC perspective of gaining a valuable in-place deterrence force.

Mr. SPENCE. General Luck, what impact will the South's continuing investment in these capabilities have on the ability of the combined U.S.-South Korean forces to deter and defeat an invasion?

General LUCK. The ROK Navy's destroyer and submarine programs are elements of ROK top priority funding in the FIP for gaining a deterrence capability that complements U.S. forces but accounts for the changing role of U.S. forces in Korea. [DELETED-Classified Information.] These ROK Navy programs will have a positive impact on the ROKUS CFC's ability to deter and defeat an invasion although they are not CFC military requirements. These programs do not significantly distract from CFC top priority ground force requirements and will contribute to CFC's in-place deterrence capability since U.S. destroyers and submarines require time to deploy to the Korean AOR.

Mr. SPENCE. The United States annually spends about \$1 billion in incremental costs to maintain a forward-deployed force to assist in the defense of South Korea. (These costs are above those normally associated with maintaining a force this size in the U.S. force structure). The latest agreement with South Korea requires the United States to pay approximately 70 percent of these incremental costs.

General LUCK. The ROK ranks near the top of all Allies in regards to overall cost sharing support, and has made great progress in steadily assuming larger portions of the costs associated with maintaining U.S. forces in Korea. The ROK recently pledged \$300 million in direct cost sharing support or close to one-third of USFK's stationing costs for 1995. The ROK also provides a substantial amount of indirect support through tax exemptions and the provision of rent-free land and facilities. A conservative estimate of ROK indirect support would place its value at over \$1 billion. This is a significant contribution, particularly when the ROK's ability to pay and the overall size of the ROK defense effort are taken into consideration.

Mr. SPENCE. General Luck, how does the most recent cost-sharing agreement with South Korea compare to other such agreements?

General LUCK. I agree with the Secretary of Defense's comments on this subject. In April 1994 he reported to Congress (Allied Contributions to the Common Defense) that, "Given wide disparities in the size of national economies, populations, and economic well-being, any objective assessment of U.S.-allied responsibility sharing must account for a nation's efforts compared to their ability to pay. When all factors are taken into account—but giving greatest weight to the traditional yardstick of defense spending as a share of GDP and other key contributions as a function of ability to contribute—the efforts of Turkey, the United Kingdom, the Republic of Korea and Greece look particularly strong."

Mr. SPENCE. The United States is bound by Treaty to help defend South Korea. General Luck, who also serves as the head of United Nations Command (UNC) in Korea, would lead any multinational effort to repel an invasion by the North.

General Luck, which other nations in Asia and elsewhere would you expect to join in a United Nations-led multinational coalition to help repel an invasion by North Korea? How many troops have already been committed for this purpose?

General LUCK. There is an existing coalition, the United Nations Command, which is designed to accept and coordinate the efforts of active members to repel a North Korean invasion. Besides the United States and the Republic of Korea, there are eight other currently active members (Australia, Canada, New Zealand, United Kingdom, France, Philippines, Thailand and Columbia). We would expect some form of assistance from any or all, depending upon the circumstances. Additionally, the United Nations Command can accept contingents from any other UN member nation, former UNC member or not, that desires to participate in the effort. Some nations, such as Japan, may choose to contribute support and assistance without actually participating in military operations. None of the active UNC member nations have forces specifically committed for this contingency at this time.

Mr. SPENCE. General Luck, in a war with North Korea would you expect China to enter the conflict or remain on the sidelines and why?

General LUCK. Direct confrontation between CFC and Chinese forces appears unlikely, because China is much less supportive of North Korea than in 1950 and because the U.S. and PRC now have direct relations and there is continuing commu-

nication between Washington and Beijing. China's posture will depend on key variables such as how the war starts, the Chinese internal political situation, and the state of U.S.-China relations at the time, in particular whether Beijing believes the U.S. is trying to dominate Korea and threaten the PRC regime.

Mr. SPENCE. China has underway a major military modernization effort, with the goal of moving away from a large standing army and toward modern munitions and power projection capabilities. Some of China's neighbors have raised concerns about this modernization effort and the impact it will have on regional stability. Admiral Macke, what are the objectives and magnitude of China's military modernization program? What is the size of China's defense budget today? What kind of military capability do we expect China to have in a decade?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

While China continues to increase the pace and scope of its military modernization program, I do not see China's military as a near-term threat to the U.S. or to our interests in Asia.

Mr. SPENCE. Admiral Macke, to what extent is Russia assisting in this modernization effort? What armaments has Russia sold to China recently and how do these acquisitions affect China's ability to project power throughout the region?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. Admiral Macke, please describe China's current nuclear capabilities. What do you see as the purpose of China's nuclear testing/modernization program?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. The Department of Defense has sought to engage senior military and political leaders in a dialogue on security issues. Consistent with this policy, Secretary Perry visited China last October, and Admiral Macke's predecessor (Admiral Larson) visited China recently in an effort to establish a DOD-People's Liberation Army (PLA) dialogue.

Admiral Macke, what are the purposes of those contacts, and what do we expect to gain from them?

Admiral MACKE. Our goals are a constructive military dialogue with the PLA that increases transparency and helps shape China's relationship with the rest of Asia. A China that is not militarily assertive contributes to regional and world stability. If we achieve those goals, the United States gains in terms of a more stable regional environment in which to pursue our national political and economic interests. We open an additional channel of communication with a pivotal element of China's decision-making apparatus. We also gain by clear demonstration to the nations throughout the region that we intend to remain a power in Asia.

Mr. SPENCE. The Soviet Navy's Pacific Fleet once served as an active reminder of Soviet military power. With certain exceptions, particularly in the area of strategic submarines, the Russian Pacific Fleet now is largely inactive, due to severe budgetary constraints. Admiral Macke, how do Russian naval operations today compare to those of the Soviet Navy ten years ago?

Admiral MACKE. There has been a significant decrease in the operating levels between today's Russian Navy and the Soviet Navy of 10 years ago. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. The Soviet Navy's Pacific Fleet once served as an active reminder of Soviet military power. With certain exceptions, particularly in the area of strategic submarines, the Russian Pacific Fleet now is largely inactive, due to severe budgetary constraints. Admiral Macke, what about Russian submarine activity? How does that compare?

Admiral MACKE. The changing political environment and fiscal constraints have forced the Russian Fleet to drastically reduced submarine operations over the last ten years.

Submarine out-of-area operations to the Indian Ocean, Cam Ranh Bay, and patrols to the Eastern Pacific Ocean have ceased. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. Admiral Macke, why do you think there is less Russian naval activity? Is it due to funding shortfalls alone, or do you sense a Russian desire to reduce its presence in the Pacific?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. According to press reports, the United States and China may soon begin discussions aimed at producing an agreement similar to the Incidents at Sea agreement between the United States and the then Soviet Union. The purpose of such an agreement apparently would be to defuse tension and minimize risk of inadvertent clashes between U.S. and Chinese naval forces. Press reports also suggest that an impetus for these proposed talks was an October 1994 incident involving the USS *Kitty Hawk* and a Chinese nuclear-powered submarine.

Admiral Macke, what is the status of this initiative? Have the talks already begun? What are U.S. goals in these talks? Has the Office of the Secretary of Defense (OSD) approved the initiation of these talks?

Admiral MACKE. This initiative is still in the conceptual stage. OSD is working closely with the Interagency Group on timing and content. There has been no OSD/Interagency approval for the initiative and, therefore, we have had no talks with the Chinese on this subject. If PACOM receives permission to discuss "military activities at sea" with the Chinese, our goal would be to build trust and confidence between the two militaries.

Mr. SPENCE. Admiral Macke, please provide a detailed description of the October, 1994, incident involving the USS *Kitty Hawk* and a Chinese submarine. What happened, and what was China's reaction to the incident?

Admiral MACKE. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. Admiral Macke, what is the impact of Thai government's decision to reject the U.S. request to position Equipment Afloat Ships off their shores? On what basis did the Thai government make this decision? What alternatives are being explored to make up for this decision?

Admiral MACKE. Although we were disappointed with the Thai decision, we still have adequate time and flexibility to consider various Equipment Afloat Ships options. Independent of the Thai decision, we are conducting a global rethink of prepositioning alternatives which may or may not yield a siting requirement in Southeast Asia. Its findings will provide needed direction for this essential program. Thailand turned down this request citing domestic and regional political concerns. If the Joint Staff prepositioning efforts yield a siting requirement in Southeast Asia, politically feasible sites will be identified to pursue.

*Question.* Annual training exercises in Korea, "Team Spirit," canceled due to opposition by North Korea. According to a Defense News article this week, "the Team Spirit cancellation scored a diplomatic victory for North Korea and marked a political concession by Washington and Seoul."

Admiral MACKE. General Luck restructured his exercise program over the past couple of years to provide better training. In this process, he transferred the training objectives of Team Spirit to other exercises. As a result, Team Spirit no longer has the military value it used to, and is not considered essential to maintain military readiness.

As a result of restructuring the exercise program, the cancellation of Team Spirit is not a concession by Washington and Seoul, nor should it be considered a diplomatic victory for North Korea.

*Question.* In the same article, ADM Macke claims that canceling this exercise is no problem considering all the other exercises that are still held on the peninsula.

Admiral MACKE. Since General Luck restructured his exercise program and training objectives of Team Spirit are now being met through other exercises in Korea, the cancellation of Team Spirit is not a problem.

*Question.* Considering the magnitude of a regional contingency operation in Korea, let's say an "Operation Pacific Storm," wouldn't it be advisable to hold a large scale operation such as "TEAM SPIRIT," including deploying numerous assets from the U.S., especially during a time of increased tensions?

Admiral MACKE. In the absence of Exercise Team Spirit, our exercise program in the Pacific was restructured to prevent the loss of training and ensure our forces are capable of rapidly deploying from the U.S. and prepared to conduct combat operations when required. Some of these exercises focus specifically on potential hostilities in Korea while others involve deployments into different areas of the Pacific. During periods of heightened tension, we are capable of expanding exercises to reinforce regional awareness of the firm commitment by the U.S. to maintain stability in the region.

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Considering the magnitude of a regional contingency operation in Korea, lets say an "Operation Pacific Storm," wouldn't it be advisable to hold a large scale operation such as "Team Spirit," including deploying numerous assets from the U.S., especially during a time of increased tensions?

In other words, why are we allowing North Korean political concerns to stop us from conducting strategic and tactical military training operations (which may do as much if not more to deter North Korean Aggression as current diplomacy).

General LUCK. [DELETED—CLASSIFIED INFORMATION.]

Attached is an editorial from this week's Defense News calling for more funding of Navy sea-based ballistic missile defense (BMD) systems, such as upper-tier theater defense using existing Aegis ships.

Admiral MACKE. A sea-based upper-tier is a key contributor to a layered, flexible, theater missile defense capability and compliments, rather than competes with, the Theater High Altitude Air Defense (THAAD) System. Acquisition efforts are examining both THAAD and Standard Missile test results to determine the optimum upper-tier system. The Navy upper-tier system will undergo critical flight tests in late March that should give a clearer picture of funding requirements necessary to rapidly field the system.

Navy studies indicate that just two such ships could provide effective BMD coverage for the entire Sea of Japan.

(Attached are two sheets illustrating North Korea missile threat and BMD coverage provided by 2 Aegis ships)

Admiral MACKE. Aegis upper-tier studies indicate a tremendous capability when ideally positioned to engage theater missiles (e.g. along the missile flight path axis), but cannot cover the area and situations expected in a major regional conflict. Proper funding of a layered defense (such as THAAD, PAC-3, and even advanced systems such as Boost-Phase-Intercept) is the only way to provide a balanced, robust theater missile defense capability.

*Question.* Admiral Macke, General Luck, as the two commanders responsible for military operations in Korea, what is your opinion on the importance of sea-based upper-tier BMD to future military operations in this area?

Considering how this program is currently underfunded by DoD, wouldn't you support efforts to increase funding for this "non-intrusive"/"forward deployed" BMD capability.

Admiral MACKE. Sea-based upper-tier will play a critical role in supporting theater, sub-unified, and JTF ballistic missile defense requirements. Geographic constraints necessitate employment of land and air based assets to provide a layered defense. When properly employed as part of a layered, missile defense architecture, upper-tier will provide a responsive, highly survivable, mobile asset.

Funding levels should be addressed from a slightly different aspect. The three "core" programs; Patriot, Navy lower-tier, and THAAD will be fielded in the next 5–10 years. Three other systems; Navy upper-tier, Corps SAM, and Boost-Phase-Intercept (BPI) are being considered for inclusion in our family of TMD resources. Funding levels for these last three systems are significantly lower than those already approved for acquisition. I asked for capabilities not programs, but do see a need for a robust multi-layer TMD.

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Admiral Macke, General Luck, as the two commanders responsible for military operations in Korea, what is your opinion on the importance of sea-based upper-tier BMD to future military operations in this area?

Considering how this program is currently underfunded by DOD, wouldn't you support efforts to increase funding for this "non-intrusive"/"forward deployed" BMD capability?

General LUCK. As Admiral Macke has reported to the committee, "Sea-based upper-tier will play a critical role in supporting theater, sub-unified, and JTF ballistic missile defense requirements. Geographic constraints necessitate employment of land and air based assets to provide a layered defense. When properly employed as part of a layered, missile defense architecture, upper-tier will provide a responsive highly survivable, mobile asset.

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**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, U.S. EUROPEAN COMMAND [EUCOM]**

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**HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
Washington, DC, Thursday, March 2, 1995.**

The committee met, pursuant to call, at 9:30 a.m., in room 2118, Rayburn House Office Building, Honorable Floyd Spence (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

**THE CHAIRMAN.** Good morning. This morning the committee will continue its series of posture hearings with the major regional commanders and chiefs. Our witness today will be General George A. Joulwan, Commander in Chief of the U.S. Forces in Europe and Supreme Allied Commander in Europe; NATO's highest ranking military officer.

As Commander of our forces in Europe, General Joulwan has an area of responsibility that extends over 83 countries throughout most of Europe, most of Africa and parts of the Middle East. In that capacity he had responsibility for the U.S. humanitarian mission in Rwanda last year, and has continuing responsibility for Operation Provide Comfort in Northern Iraq.

As NATO's Supreme Allied Commander he is responsible for planning and executing the alliance's mission in the former Yugoslavia by supporting the United Nation's peacekeeping operation. Soon he may be called upon to cover the United Nation's withdrawal from that area.

Of all of the regional combat commands none have experienced more fundamental change since the end of the cold war than EUCOM. Similarly, nowhere has the tension between declining forces and increasing commitments more graphically demonstrated than in Europe.

Last year the U.S. Air Force in Europe reported that training had deteriorated to some extent in large part due to the high pace of contingency operations.

The combat readiness of both divisions comprising the U.S. Army and Europe was also reported to have slipped substantially in the past 2 years because training funds were diverted to pay for necessary quality of life programs.

It was the first time the entire European Ground Combat Force had been classified as C-2 because of insufficient training opportu-

nities. I do not consider an across-the-board reduction in military readiness to be a trivial matter.

I believe what we witnessed last year—not only in Europe, but across the entire force—represents the early stages of a systemic long-term readiness problem. The European Command has been and will remain a principal point of transit of personnel and material destined for deployment to the Persian Gulf region.

In addition, our forces in Europe have been and will be among the first forces to support a major regional contingency in that region. Insufficient readiness of our forces in Europe carries a grave risk to our ability to effectively carry out the national military strategy.

Some have argued that timely and adequate supplemental funding to cover the unbudgeted cost of contingency operations will address these readiness problems. I disagree. Supplemental appropriations, like the bill recently considered by the House, are only a stop gap. They do not buy back lost training opportunities. They do not eliminate the problem of ongoing, unbudgeted contingency operations. Commanders will continue to use readiness and quality of life accounts to pay for humanitarian and peacekeeping operations, supplemental or no supplemental.

In summary, I have serious concerns over the affect that lesser regional contingencies such as current operations in the former Yugoslavia and Iraq have on the readiness of our forces in Europe to support a major regional conflict should the need arise.

Beyond the important issue of readiness I also want to express my continuing concern about the developments in the former Yugoslavia. Just last week our witness participated in an exercise looking at options to support the withdrawal of our peacekeeping forces from Croatia and perhaps from all of the former Yugoslavia.

It is certain that any withdrawal of U.N. Peacekeepers from the former Yugoslavia will require the support of NATO and the deployment of perhaps up to 25,000 American troops. I believe such an operation would present the United States with serious risk. Covering the withdrawal of U.N. Peacekeeping Forces has the potential to escalate the conflict and to Americanize the war. We need to be exceedingly cautious on this issue.

General, I look forward to your expert views on these and other critical issues. Before proceeding, I would like to recognize our distinguished colleague, Mr. Dellums, the ranking member, for any remarks he would like to make.

#### **STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. Thank you very much, Mr. Chairman, and members of the committee. I join you in welcoming our distinguished witness this morning, Gen. George A. Joulwan, to the committee.

General Joulwan, as you indicated, has an awesome responsibility as the Commander in Chief of U.S. Forces in Europe and our Supreme Allied Commander in Europe. As Commander in Chief in Europe, as you point out, his responsibilities include 83 countries and covers some 13 million square miles.

I know that General Joulwan will provide the committee with his report on the current status of future plans for U.S. forces in Europe and on NATO's efforts as effective integration without drawing new lines in the sand now that indeed the cold war is over.

I might just say parenthetically, General, there have been a number of dire stories about the issue of readiness. I would hope that you would speak clearly and straightforwardly to this issue. Some of my colleagues believe that we are dancing on the brink of disaster; something that I find very difficult to comprehend when, in the aggregate, we spend about as much as all other nations in the world combined on the military budget.

That we spend four times more than the second country. When you add in our European and Asian allies with the United States, that group spends in excess of 80 percent of the world's military budget. I continue to hear these stories about the readiness of American troops being on the raged edge of disaster. I would hope that you would address that clearly and straightforwardly, and I know that you will.

Second, there has been a great deal of discussion about funding regional contingencies, peacekeeping, and peacemaking. It has been this gentleman's opinion that a rational and sane approach to funding peacekeeping is to put a line in the budget and address it in clear, unequivocal, and straightforward terms.

I find it very difficult to argue with the present way that it is being done. That is by finding ways, after the fact, to fund these programs. Then the very same people who do not quite want to do that, do not want to put an item in the budget to face the reality that peacekeeping and peacemaking is a real part of America's role in a post-cold-war world.

General, there has also been considerable discussion here as to who should join NATO and when. As a matter of fact we just had as a part of the Contract With America one rather controversial aspect of that bill which laid out four countries and said, those countries ought to be brought in.

In one sense putting the United States in the position of literally dictating to our NATO allies as to who those four ought to be. I hope you will share with us your view of the status of NATO's Partnership for Peace Program, which I think is a significant and important step, and plans for expanding NATO.

We are all very concerned about the situation in the former Yugoslavia, as the Chair pointed out. Your view of the current situation there would be deeply appreciated. General, you are a keen observer of the former Soviet Union. I hope you will comment on that situation and how it affects NATO, Central, and Eastern Europe.

In the former Soviet Union, in Central, Eastern, Southern Europe, in the Middle East and in Africa we have an opportunity for what I believe you call active engagement. You and I have talked before as to what I have called preventive engagement.

The place where we both come together is we feel that we have a responsibility to engage the world. If we do so in significant and appropriate ways, perhaps we can prevent and preclude military crisis from ever occurring.

I hope that in the course of your remarks today that you would tell us about the efforts you are presently making wearing the hats that you wear and assuming the responsibilities that you do to preclude future military conflicts and crisis.

With those brief opening remarks, Mr. Chairman, I would like to again welcome our distinguished colleague. I look forward to the testimony and the exchange among the members and General Joulwan. I yield back the balance of my time.

The CHAIRMAN. The Chair thanks the gentleman. Without objection, general, your written statement will be submitted for the record and the floor is yours.

#### **STATEMENT OF GEN. GEORGE A. JOULWAN, U.S. ARMY, CINC, U.S. EUROPEAN COMMAND**

General JOULWAN. Thank you very much. Mr. Chairman, Mr. Dellums, and the distinguished members of the House National Security Committee, it is a privilege to appear before you again to discuss the U.S. European Command.

I welcome this opportunity to provide my perspective on the EUCOM theater operations. A theater, as you all have heard, spans Europe, parts of the Near and Middle East, the Northern African lateral and Sub-Saharan Africa.

At the outset, I would like to thank this committee and particularly you, Mr. Chairman, on behalf of the men and women of EUCOM and their families for your support of our efforts in Europe and NATO, as well as in our areas of responsibility in Africa and in the Middle East.

Your support for the supplemental funding that was just passed by the House will ensure that readiness remains at a high state. Your legislation gives me the ability to apply these funds in a timely manner. I thank you for that.

I have a prepared statement. If you concur, Mr. Chairman, I would like to enter it into the record and then briefly summarize by making a few points.

The first point, Mr. Chairman, is to make clear that a U.S. forward deployed force in Europe is clearly in the vital interest of the United States. Twice in this century we have fought wars in Europe.

Millions of people were killed and trillions of dollars were spent in the prosecution and aftermath of these wars. What has kept the peace and prevented another war in Europe for the past 50 years has been the strength of the NATO alliance and the leadership of the United States of America.

The tearing down of the Berlin Wall and the Iron Curtain and the collapse of communism in 1989 and 1990 were tremendous accomplishments, but did not eliminate the need for U.S. involvement in Europe.

It was the end of one phase and the beginning of another. We have not yet used, in old infantryman's terms, we have not yet consolidated on the objective. The challenge now is to define a strategy that can protect the United States and our interests in Europe and consolidate the gains of democracy.

In my opinion, the consolidation for democracy in Europe will make the strategy of engagement every bit as important as the one that led to the historic events of 1989 and 1990.

The second point, Mr. Chairman, is related to the first. That is the world is still a dangerous place as events in Bosnia and Chechnya remind us. As I said to you last year and confirm again this year, the EUCOM's area of responsibility is a theater in conflict as well as a theater in transition.

At one point last year, we were engaged in five lesser regional contingencies and preparing for two more. We are engaged in these contingencies with our allies who bear much of the burden. All contingency operations put troops in harm's way. Equally important, as you mentioned Mr. Chairman, these contingencies need to be properly resourced or else we take it out of hide and the readiness and the quality of life for our troops and their families suffer.

Let me be more specific about these ongoing operations. They are not exercises. They are operations that are going on today in EUCOM. Provide Comfort is a humanitarian relief operation and a no-fly zone enforcement for the people of Northern Iraq.

In April we will celebrate 4 years of operations. Provide Comfort is in support of U.N. Security Council Resolution 688 and based out of Incirlik, Turkey. The United States is joined by the United Kingdom, France, and Turkey to provide aircraft and material support.

Most important, thousands of lives have been saved over the last 4 years of Provide Comfort operations. In the former Yugoslavia we are engaged in several operations in support of the United Nations.

While there is no unity of command that I would like, there is an attempt to achieve unity of purpose. The Deny Flight and Sharp Guard are NATO-led operations in support of U.N. Security Council Resolutions.

Over 200 NATO combat aircraft are committed to the Deny Flight with a mission to protect the citizens of Bosnia from air attack. Over 50,000 sorties have been flown to-date. NATO also provides close air support and air strikes when requested by U.N. Forces on the ground in Bosnia.

Sharp Guard is a NATO-Western European Union Operation in the Adriatic enforcing a U.N. embargo against a former Yugoslavia. Thousands of ships have been challenged and hundreds boarded and diverted.

Mr. Chairman, NATO is operational. NATO is out of area. Most importantly, the European nations provide the bulk of forces for both of these operations. Able Sentry is a contingent of about 500 American Army troops in the former Yugoslav Republic of Macedonia.

These United States troops join U.N. Forces from the Nordic countries and are a clear signal of United States resolve to contain the conflict in Bosnia. Provide Promise is a multinational operation led by the United States, supplying food, medicine, and supplies to the people of Bosnia.

These heroic troops face great danger as they carry out their air-land, and air-drop missions. Indeed, last year the Provide Promise airlift surpassed the Berlin airlift in time and numbers of sorties flown.

Again, thousands of lives have been saved by Provide Promise humanitarian operations. Although no decision has yet been made by the United Nations or the North Atlantic Council, NATO is preparing for the possible withdrawal of U.N. Forces from the former Yugoslavia. This is prudent planning and absolutely essential if NATO is to be successful and creditable if called upon.

Mr. Chairman, last summer the European Command conducted a short notice emergency deployment to Rwanda and Goma, Zaire called Operation Support Hope. Within 72 hours of the execute order from the President of the United States, EUCOM troops had established a logistics and communications network in Europe and Central Africa.

Water purification units, engineers, medics, and airborne troops stationed in Germany and Italy deployed 3,600 miles and immediately provided freshwater and sanitation to the Rwanda refugees.

Within 1 week, Mr. Chairman, the death toll went from a high of 6,000 a day to less than 500 fatalities. In 30 days to less than 200. By their quick action and because of their high state of readiness and training, these units stopped the dying and saved a generation of Rwandans.

Equally important, and this is a key point, when the emergency was over, EUCOM smoothly transferred the operation to the United Nations and nongovernmental organizations and in 60 days, redeployed out of the area. There was not one U.S. troop fatality during Operation Support Hope. I believe much can be learned from this operation and can be applied if and when we work again with the United Nations.

The third point I want to make is the historic opportunity we have in Europe to create a Europe whole and free from the Atlantic to the Urals. In 1994, we went from theory to practice in an engagement strategy with former adversaries.

Under the Military Cooperation programs, both bilateral and multinational, great progress has been made. Bilaterally, we have had an exercise in Russia with Russian troops and participated in three NATO-sponsored Partnership For Peace exercises.

This year there will be at least 20 such exercises with our new partners. The number of partners continues to grow. I believe you have a map that shows 25 new countries now to include the former nonaligned nations of Sweden, Finland, and Austria have joined the Partnership For Peace; great opportunity.

In my United States hat, we graduated the first class of 73 mid-level officers previously from former Warsaw Pact countries from the George C. Marshall Center located in Germany. Again, this is an engagement strategy with the intended outcome of achieving stability in Europe with progress toward democracy.

Your continued support of the Marshall Center, plus the Partnership For Peace Program is greatly appreciated. The payoff is high. Also, we need to stay involved in NATO as Europe and the United States adjust to the cold-war period.

The United States is absolutely necessary in that development. Not only with U.S. resources, but primarily with U.S. leadership and involvement as NATO adjusts to its structure and its new functions. NATO has served us well in the past. It is vital for stability and security in the future. We need to stay engaged.

Mr. Chairman, my final point is that given the myriad of missions facing the European Command, the morale and the readiness of the force remains high. We train across the entire conflict spectrum, from peace support operations, like Rwanda, to midintensity warfare such as Desert Storm.

I might mention that 30,000 of my troops when I was a Corps Commander there in 1990 went to Desert Storm as part of the 7th Corps. This year's budget, Mr. Chairman, fixes several deficiencies from last year's as will the much-needed supplemental.

This year, most importantly, we will finally stabilize the force in Europe at about 100,000 troops down from 314,000 just 5 years ago. We have conducted this unprecedented draw down with the most active OPTEMPO since World War II.

I also need to state, Mr. Chairman, for the record the enormous role being played in the EUCOM's area of responsibility by the Guard and Reserve. Air Guard units supplement air crews and Operations Deny Flight, Provide Promise, and Provide Comfort.

Army Reservists participated in Operations Support Hope in Rwanda. Marine Reservists will take part in an operation in Albania this summer. State reservists are aligned with many of our new partners and are establishing links of mutual trust and competence.

For example, Mr. Chairman, South Carolina is aligned with Albania; Ohio with Hungary; Texas with the Czech Republic; Utah with Belarus; Alabama with Romania; Tennessee with Bulgaria; Pennsylvania with Lithuania; Colorado with Slovenia; Indiana with Slovakia; Illinois with Poland; and Maryland with Estonia.

Clearly, we are a total force in EUCOM. I am proud of the great role being played by the Reserve component. It truly is one team, one fight.

Finally, Mr. Chairman, we need to maintain quality as we reduce the force. Strategic lift and the C-17 and fast sealift are essential for rapid deployment and agility. Given the uncertainty and instability of my theater, we need to focus on Start and the Non-Proliferation Treaty, as well as on the proliferation of weapons of mass destruction.

Theater missile defense with our allies is both prudent and necessary. As we stabilize the U.S. Force in Europe, quality of life is my top priority and an essential component of readiness. As you know, we may enlist soldiers, but we retain families. You have always appreciated the sacrifice of the troops and supported an adequate quality of life for the GI's and their families.

Let me conclude, Mr. Chairman, by saying I am excited about the future. We have an unprecedented opportunity to develop a world where democratic values and respect for the rule of law and for the dignity and worth of the individual are shared and developed.

Now is not the time to retrench. We, as a nation, must stay involved; not as the world's policeman, but rather as a great power, one who understands the potential as well as the limits of that power.

On this the 50th anniversary of the end of World War II, we have demonstrated that the United States, with its allies, can win

a world war. We have demonstrated we can tear down a wall and defeat an ideology.

Now, can we win the peace? If we do so, and I know we can, we will enter the 21st century with great hope for peace, freedom, and prosperity for our children and our grandchildren.

Thank you, Mr. Chairman. I look forward to your questions.

[The prepared statement of General Joulwan follows:]

Statement of  
GEN GEORGE A. JOULWAN  
Commander in Chief  
United States European Command  
before the  
House National Security Committee

March 2, 1995

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The House National Security Committee

Introduction

Mr. Chairman and distinguished members of the Committee, it is a privilege to appear before you today to discuss the United States European Command. I welcome this opportunity to provide my perspective on this busy theater -- a theater that spans Europe, parts of the Near and Middle East, the Northern African littoral, and sub-Saharan Africa: 83 countries and 13 million square miles. I would like to articulate the vital importance of this theater to U.S. interests, describe the strategic environment and emerging opportunities and threats to U.S. interests, define my strategy to meet these challenges, and finally, prioritize the programs and resources necessary to ensure success.

### Overview

As I survey the vast USEUCOM area of responsibility, I am impressed by the extent of the positive accomplishments over the past year. While peace still eludes us in Bosnia, we need to recognize that since I last came before you, there has been fundamental and positive change in the security environment in EUCOM's area of responsibility. We have gone from a reactive to a proactive strategy. We have taken theory and put it into practice. Indeed we are consolidating the gains for democracy brought about by the collapse of the Berlin Wall and the demise of communism. Let me be more specific.

EUCOM has maintained a high state of readiness in the force. Even as we drew down the size of the forward deployed force from 314,000 to approximately 100,000, EUCOM demonstrated it can still react to crisis across the conflict spectrum. This past year EUCOM was engaged in numerous lesser regional operations and the troops performed superbly. However, as the force declines, there is concern about personnel turbulence as well as resources matching requirements. Both indicators impact on readiness.

Today, EUCOM forces are part of NATO operations enforcing UN Security Council Resolutions in the Adriatic and in the skies over Bosnia; multinational operations conducting

airland and airdrop flights to feed the hungry in Bosnia-Herzegovinia; and multinational operations protecting the people of Northern Iraq from the brutality of Saddam Hussein.

When tragedy struck last summer in Rwanda, EUCOM within hours began moving forward deployed forces 6,000 kilometers to Central Africa. Once there, a joint force of water purification teams, engineers, medics, logisticians, airborne troops, and airlift specialists stopped the dying of thousands of Rwandans. In one week the death toll dropped from 6,000 per day to 500, and within 30 days, it had fallen to less than 200. Equally important the EUOM force worked with UN relief organizations and non-governmental organizations in a constructive way and within 60 days turned the operation over to the UNHCR and all U.S. forces were withdrawn. Not one soldier, airman, sailor, or marine was lost during Operation SUPPORT HOPE.

EUCOM's Military Cooperation Program achieved great results last year and the potential for the future is high. The Joint Contact Team Program (JCTP) brought Americans and American ideals and values to the countries of the Former Warsaw Pact and the former Soviet Union. The teams plan bilateral programs in the countries of Central and Eastern Europe and are cost effective and productive. A particularly noteworthy aspect of this program is the role played by reserve forces. Reservists, the epitome of the citizen soldier's role in a democracy, comprise one third of the JCTP's program personnel. Furthermore, twelve states have actually adopted the participating nations under the State Partnership Program. In addition, the George C. Marshall Center located in Germany graduated its first class last December and was a clear success. Seventy-three mid-level military and civilian officers from 23 former Warsaw Pact countries including Russia and Ukraine attended.

NATO's Partnership for Peace became a reality in 1994. Twenty-four nations -- mostly former Warsaw Pact countries -- have signed the framework document. There is a Partnership Coordination Cell operational and representatives are there from 11 partnership nations. EUCOM fully supports this program and in addition, U.S. forces participated in all three PFP exercises last year. EUOM also conducted a bilateral exercise with Russian troops in Russia. This engagement strategy promotes mutual trust and confidence among former adversaries and an opportunity to develop common procedures, doctrine, and standards among all nations of Europe and the Former Soviet Union.

The list of achievements could go on. But the point is that EUCOM and NATO have changed and are adapting to the challenges of the Post Cold War period. NATO and its member nations achieved a great success five years ago with the collapse of a wall and the Iron Curtain. But that event was not the end of our nation's nor NATO's mission. It was only the end of one phase and the beginning of another. How we as a nation and as an Alliance respond in the remainder of this decade will determine the true security of the United States in the 21st Century. Indeed the United States can be justifiably proud of its role in bringing about this revolution for democracy. It truly was brought about by the constancy and character of the American commitment. But it is not good enough to just bring about the revolution -- it is what you do afterward that is equally important in consolidating the gains for democracy. We as a nation and as a command must stay engaged in Europe -- albeit at reduced levels -- if we do not want to repeat the mistakes made twice in this century.

And we could not have realized the great events of five years ago without the continuing support of Congress, and on behalf of all those who have served and are serving in the European Command, I thank you for that support. It is in that same spirit of cooperation and understanding that I ask for your support in today's new EUCOM as part of a new NATO. The struggle is not yet over, the need for vigilance still exists, the mission continues.

#### Theater in Conflict and Transition

Indeed the EUCOM theater is still a theater in conflict as well as a theater in transition. Ethnic conflicts in the former Yugoslavia are painful reminders that man's inhumanity to man continues. Recent events in Chechnya exposed the fragile democracy in Russia as well as a deep concern by Russia's neighbors. There are still more than 20,000 nuclear warheads in the former Soviet republics. Instability and uncertainty are the norm not the exception. Stability is not assured. Institutions that make democracy work -- economic, political, judicial, social, and military -- take time to evolve. Terrorism and fanaticism still are prevalent in the Middle East and the Northern littoral of Africa and threaten the fragile peace between Israel and its neighbors. Disease and starvation are rampant in sub-Saharan Africa and pose a long-term danger to the

stability of that troubled continent. Indeed the world is still a dangerous place. Clearly the United States military and in particular the US European Command are not and should not be the world's policeman. But US leadership is required in creating the conditions which will reinforce our ideals and values and assure our security and that of our allies into the 21st Century. How we engage is important. The EUCOM strategy has been developed to take advantage of the opportunity brought about by the successes of the past 50 years. And 50 years after the end of World War II, we celebrate not just victory in Word War II, but also victory in the Cold War. The challenges and opportunities we face today are similar to those we faced following World War II. EUCOM's strategy seizes upon this unique period in history. It is designed to promote stability, thwart aggression, develop multinationalism with our allies, and trust and confidence with former adversaries while maintaining ready forces to protect our vital interests in the region.

#### U.S. National Interests

The USEUCOM AOR remains critically important to U.S. security interests for both geo-strategic and economic reasons, and because we share common values and a common culture with much of this region.

Access to this region is strategically critical. Many of the world's vital lines of communication traverse this region. A majority of the world's shipping, both in numbers and tonnage, transits the Mediterranean Sea and the Suez Canal. Western Europe and the emerging democracies in Central and Eastern Europe and the Former Soviet Union contain a large portion of, or provide essential access to, the world's resources.

The economic interests of the nations in this AOR complement the economy of the U.S. The European Union has the largest gross domestic product of any region in the world. Open markets and free trade, unimpeded access to trade routes, and the free flow of resources contribute to our prosperity, and therefore to our security. Stability is a precondition for economic prosperity.

Consider the following:

- Europe accounts for 34% of the world-wide total of gross domestic product -- more than any other region.
- Europe accounts for 26% of U.S. merchandise trade exports and 31% of total U.S. exports.
- One and a half million American workers are supported by U.S. exports to Europe.
- U.S. generally has a trade surplus with Europe.
- Fifty percent of U.S. direct foreign investment is in Europe.
- Europe accounts for more than 60% of direct foreign investment in the U.S.
- Of all foreign owned manufacturing establishments in the U.S., 60-67% are European owned (measured in terms of establishments, economic value, and value of shipments). These establishments employ nearly 3 million Americans.

Beyond our economic relationship, we share a common cultural foundation rooted in our political systems, heritage, and religions. Our common values and ideas form the very foundation of our relationship. The 1990 census showed that 92% of all Americans claim European or African heritage. That heritage includes our arts, literature, music, religions, and even our science and technology. Cultural bonds make our relationship with the people of this region unique and truly lasting.

#### USEUCOM Strategic Environment

We are in a new era. Let me describe the significant challenges and to some extent the dangers we face in the coming year. Last September, the remaining U.S., French, British and Russian occupation troops departed Berlin -- now a free and reunited city. After 45 years of Cold War, U.S. and Russian soldiers train side-by-side in cooperative military exercises. I could list many similarly astonishing facts. But the one big fact is that in this new environment the U.S. is without peer. Our pre-eminence gives us great privileges, but it brings great responsibilities as well. Nowhere is that clearer than in USEUCOM. Our

leadership is sought on every security issue of significance. That means that our vision and our commitment mobilize the contributions of a whole community of powerful nations.

Unfortunately, it also means that in the absence of our leadership, coherent international response to dangerous conditions develops slowly at best. Those conditions, left to themselves, ultimately can impinge upon the vital interests of our nation.



Figure 1

USEUCOM's area of responsibility is full of dangerous conditions (Figure 1). Another year has passed with no end to the conflict in the Former Yugoslavia. Iraq remains hostile toward its Kurdish minorities in Northern Iraq. Religious hatreds are renewing violence in the Middle East, the largest nation in North Africa is on the verge of chaos, and civil war in Africa is commonplace. Immediately adjacent to our area of responsibility, Russia remains involved in conflicts on its southwestern border and faces the prospect of a prolonged conflict in Chechnya.

USEUCOM, along with our friends and allies, actively engages in operations designed to control and, ultimately, to eliminate these dangers. The actions required drive our operations and personnel tempo higher than ever before. USEUCOM and NATO participated in more missions in the last five years than in the previous 45 years. On any given day, USEUCOM is participating in no fewer than four "lesser regional conflicts," sometimes simultaneously supporting other nearby combatant commands.

USEUCOM Troop Deployments 1990-1994

• 1990	Liberia	3,800	NEO
• 1990-1	Persian Gulf	86,000	Desert Shield/Storm
• 1990-1	Turkey	9,000	Combat
• 1990-4	Cyprus	240	Peacekeeping
• 1991	Israel	800	Air Defense
• 1991	Zaire	64	NEO
• 1991-4	Turkey/Iraq	18,905	Humanitarian
• 1992	Sierra Leone	154	NEO
• 1992	Angola	92	Election monitoring
• 1992-4	Croatia	450	Humanitarian
• 1992-3	CIS	427	Humanitarian
• 1992-4	Somalia	218	Humanitarian
• 1992-3	Kenya	25	Security Operations
• 1992-93	Baharain/Kuwait	275	Peacekeeping
• 1992-4	Yugo, Italy	1,784	Humanitarian
• 1994	Macedonia	500	Peacekeeping
• 1994	Rwanda	125	NEO
• 1994	Rwanda	2,200	Humanitarian
• 1994	Saudi/Arabian Gulf	7,045	Crisis Response

Since August 1993, USEUCOM planned 32 operations and actually executed 13 of those, everything from non-combatant evacuation operations in Rwanda to our operations in the Balkans. The number and scope of these operations are indicative of the diverse national security challenges we face in this theater: regional conflict, weapons of mass destruction, transnational dangers, and failure of democratic reform.

Regional Conflict

You need only pick up a newspaper to see the effects of regional tensions throughout this theater. Ethnic and religious strife, resurging nationalism, and territorial disputes prevail throughout the former Warsaw Pact countries. The regional "fault lines" penetrating throughout this AOR involve historic disputes that transcend traditional nation-state boundaries -- disputes whose terrible outcomes could potentially exceed the most pessimistic intelligence estimates.

These problems are not limited to Europe and the Former Soviet Union. Those living in sub-Saharan Africa are not only threatened by conflicts among states, but by the disintegration of the states themselves. The struggle for democratic reform throughout the region has had mixed results and faces an even more uncertain future. As of late 1994, fourteen of USEUCOM's thirty-five sub-Saharan countries were in various stages of transition and turmoil. Those problems are compounded by environmental disaster, disease, and economic decline -- problems that have no short term solution.

A similar situation exists in the Middle East and the North Africa littoral. Here, vast quantities of advanced weaponry make the combination of ancient animosities and radical political forces approach critical mass. While recent peace agreements offer new hope, extremist factions counter their implementation with terror. Additionally, the possibility that radicals may obtain weapons of mass destruction adds a new dimension of danger to this volatile region.

Weapons Of Mass Destruction

Weapons of mass destruction pose the greatest potential for disaster. There are still more than 20,000 nuclear weapons in the hands of our former adversaries. Considering the political and economic instability in the Former Soviet Union, many in Congress have expressed concern over the numbers, location, and control of these weapons.

Of great concern is the proliferation of weapons of mass destruction and the ability to deliver them. The dramatic rise in the smuggling of nuclear material and technology is alarming. Since 1990, there were more than 580 known incidents of nuclear smuggling in the USEUCOM AOR. More than 200 of these incidents occurred in the last year alone.

Proliferation of weapons of mass destruction presents the potential for a nightmare scenario. Nuclear, biological, or chemical weapons can cause mass casualties with little or no warning. Today's technology makes these weapons easier to produce, conceal and deliver -- making this threat more unpredictable and harder to counter. Even a credible threat to use such weapons is an effective tool of political terror, as demonstrated by Iraqi SCUD missile attacks during the Gulf War.

#### Transnational Dangers

In the past decade, dangers such as international crime, drugs, and terrorism have intensified to the point that they threaten the stability of the international community. Turmoil has exponentially increased the flow of refugees throughout the USEUCOM AOR. For example, more than one and a half million people were displaced due to the Balkan conflict and more than two million were displaced due to the conflict in Rwanda. Stagnant economies and a widening disparity between the haves and have-nots aggravate unemployment and stimulate extreme political views, increasing transnational dangers. This drains resources and undermines respect for law and civil authority. Although their effect escapes simple formulation, they nevertheless increase regional instability.

#### Failure of Reform

Failure of political and economic reform in the Former Soviet Union would cause grave problems for the international community and threaten U.S. interests in the USEUCOM AOR. We encourage and strengthen reform through our active engagement programs, creating apolitical militaries that are less likely to use force toward their sovereign neighbors to

resolve problems. But it will take active economic and political programs to assist in the reform process. It is clearly to our benefit to foster a smooth transition to democracy, thereby reducing the risk of future conflicts.

### USEUCOM Strategy

We have just completed work on a theater strategy entitled *Active Engagement and Preparedness*, which provides a comprehensive plan for meeting the challenges facing us in the AOR (Figure 2). This strategy, which is derived from the President's National Security Strategy of the United States (NSS) and the Chairman of the Joint Chiefs' National Military Strategy (NMS), achieves the dual national military objectives of promoting stability and thwarting aggression by:

*engaging in peacetime.....  
responding to crisis.....  
and fighting to win.*

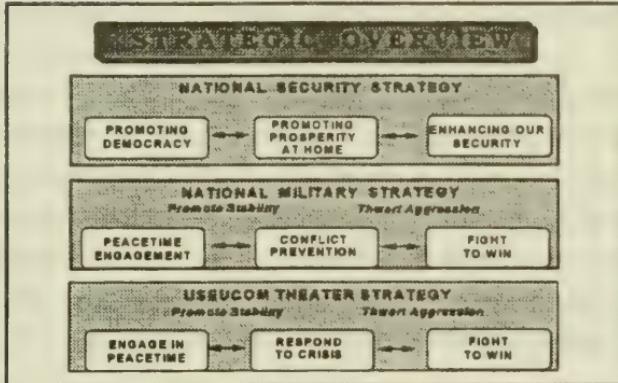


Figure 2

Briefly, *engage in peacetime* is a forward looking strategy that shapes the security environment by creating conditions for success and reducing the likelihood of armed conflict. This approach utilizes non-lethal mechanisms to foster a transition to democracy and civilian control of the military. *Respond to crisis* serves both overarching strategic objectives: it promotes stability and it thwarts aggression. It takes on many different forms in the AOR; it drives our OPTEMPO and PERSTEMPO, and it daily puts Americans in harm's way. These operations -- the gray zone between peace and war -- make up a vast majority of this theater's ongoing activities. *Fight to win* is the traditional military role and our most important purpose. Our ability to do this is a necessary foundation for all other activities. USEUCOM forces devote most of their training and resources to being able to fight to win with the decisiveness the American people expect of their armed forces.

Before discussing these strategies further, there are two key factors that have long played a major role in our strategy -- our forward presence and NATO. Today, these factors are as relevant as ever. They achieve a unique economy of force that cannot be effectively or efficiently achieved from the continental United States.

Forward presence in this AOR enables us to take part in a wide range of operations on a daily basis. U.S. presence helps bring peace and stability to Western Europe and provides the foundation for extending that stability to Central and Eastern Europe. As stated in the Chairman's National Military Strategy, forward presence is key to our influence and engagement.

The force structure in our AOR, which is near the end of its 68% reduction from Cold War levels, provides the minimum elements necessary to support our strategies in this theater in conflict. In this large and highly volatile AOR, it is critical to maintain the capability to respond and resolve crises before they gain momentum and mature into major conflicts. Our forward deployed forces provide us the opportunity to train at the international level, the ability to reinforce quickly, and a degree of unilateral combat capability. This force structure also provides significant in-theater capabilities not readily available in the U.S., such as

intelligence and surveillance, communications, theater missile defense and other vital capabilities.

Forward presence gives us access to basing and infrastructure necessary for force projection both here and in Central Command's area of responsibility. This proved critical during Desert Shield/Desert Storm where 95% of the strategic airlift, 90% of the combat aircraft, and 85% of the naval vessels were staged from or through USEUCOM's AOR. This would have been practically impossible without USEUCOM basing and infrastructure, to include equipment prepositioned in theater to supply reinforcing forces.

Our presence also underwrites U.S. leadership of NATO and allows us to maintain, support, and contribute to the integrity of the North Atlantic Treaty Organization. It is U.S. leadership of this premier alliance that provides the critical stabilizing mechanism of European security. U.S. leadership and forward presence reinforces our strong commitment to the trans-Atlantic link and makes us a European power, even though we do not have, nor desire, any European territory. Our unique role as the "honest broker" gives credibility to the NATO Alliance unseen in any other security alliance. Our leadership is especially important now as NATO grows from a defensive alliance to a mutual security organization. Its importance in this role, as Central and Eastern Europe transition toward democracies which act together to solve mutual problems and help resolve conflicts in adjacent regions, cannot be overstated.

U.S. influence in NATO leverages allied force contributions and infrastructure investment. NATO provides a force multiplier with a robust integrated command and control structure built on more than 40 years of planning, training, and exercising with a standard doctrine. NATO gives us this economy of force in the daily operations throughout the AOR. For example, while the U.S. contributes approximately 500 troops in neighboring Macedonia, NATO countries provide more than 23,000 UNPROFOR troops within the borders of Bosnia-Herzegovina. Forward deployed U.S. forces in other regions of the world would welcome a similar relationship that encourages sharing risks and burdens of protecting common interests. NATO proved that it can adapt to the new security environment and remain cost effective by sharing responsibilities across a broad spectrum of operations. The New NATO, born out of the 1991 Rome Declaration's new Alliance Strategic Concept, not only provides an

organization capable of defending the territory of its member states, but also fosters the emergence of a safer and more stable Europe.

### Engage in Peacetime

Our strategy to *engage in peacetime* is proactive and far reaching (Figure 3). It uses military resources in unconventional ways to mold the security environment in our AOR by creating conditions for a successful transition to democracy, thus preventing armed conflict and promoting stability. We aim to promote stability, democratization and military professionalism in Central and Eastern Europe, and to assist host nations in Africa in democratization and when possible relief of human suffering.

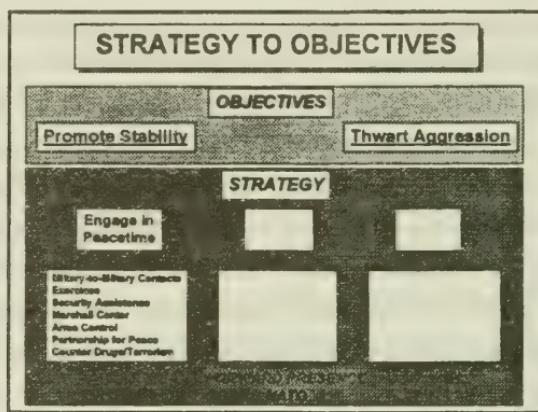


Figure 3

USEUCOM employs several avenues to promote stability, democratization and military professionalism, such as military cooperation programs, the Security Assistance Program, the George C. Marshall Center, and conventional and nuclear arms control. These unilateral programs also provide a foundation for multilateral programs, such as Partnership for Peace.

USEUCOM engages in two types of military cooperation programs: the first program takes the form of combined bilateral and multilateral military exercises, while our second

program provides the model of an apolitical military under civilian control. Combined exercises are building trust and confidence with our former adversaries in Central and Eastern Europe and the Former Soviet Union. USEUCOM participated in every Partnership for Peace Exercise last year, and completed a peacekeeping exercise with Russian forces in Russia. Exercises also allow us to train with countries in Africa where our resources are limited and the security environment is different from Europe. These valuable exercises lay the groundwork for more complex multilateral exercises and encourage regional cooperation. Combined exercises focus on opportunities to train at a relatively low cost.

The Joint Contact Team Program (JCTP) invests in the long term relationship between a country's military and its governing body. It extends a hand of friendship to countries of Central and Eastern Europe and has been successful beyond all expectations. The in-country Military Liaison Teams help facilitate the assistance that host nations need to implement democratic reforms such as human rights guarantees, a military legal code based on the rights of a citizen soldier, chaplain and non-commissioned officer corps, and a governmental structure that makes the militaries subordinate to civilian control in democratic societies. A small investment in the JCTP significantly increases trust between East and West, and accelerates the East's transition to apolitical militaries, thus enhancing stability for the entire region. JCTP also provides the building blocks needed for Central and Eastern Europe to participate in the Partnership for Peace Program.

The JCTP is a uniquely American program. I don't believe any other nation could do it the way we have done it, or as well. To begin with, we are welcome in Eastern Europe because we bear no historical baggage. Furthermore, as a nation with very significant military forces but not territory on the continent we can help solve what has historically been a nearly unsolvable security problem without endangering the sovereignty of smaller nations. These facts make us welcome.

When our servicemembers arrive on the ground the fact that they are citizens of the United States gives them special capabilities. Because they come from a nation of federated states, they understand instinctively the advantages and the challenges of many governments working together. Coming from a nation which is full of ethnic diversity, but which on the

whole has made this diversity a strength rather than a weakness, they understand the complexity of the situation in Central and Eastern Europe without being resigned to the problems which currently go along with it. A third of them are reservists—American reservists are a unique group, and as citizen soldiers they represent in their persons the concept of a military subordinate to civilian authority. Many of them are members of the National Guard; they thus know first hand how militaries less vast than the armed forces of the United States can serve a government whose interests are less global than our own. Taking a good idea one step further, 12 state national guards have “adopted” these JCTP countries under the State Partnership Program, further encouraging the development of long-term institutional and personal relationships between military and civic leaders and allowing more Americans to become involved directly in helping countries transition to democracy (Figure 4).



Figure 4

Security Assistance is made up of a number of components to include Foreign Military Financing (FMF), Foreign Military Sales (FMS), Direct Commercial Sales (DCS), and International Military Education and Training (IMET). Foreign Military Financing enables

selected friends and allies to improve their defense capabilities by financing acquisition of U.S. military articles, services, and training. As FMF helps countries provide for their legitimate defense needs, it promotes U.S. national security interests by strengthening coalitions and cementing strong military-to-military relationships. FMF also supports our regional security cooperation with key allies such as Greece, Israel, and Turkey by rectifying shortcomings in their defense capabilities. Except for funds earmarked for Israel, almost all FMF is spent in the United States--this translates to U.S. jobs. Direct Commercial Sales, and Foreign Military Sales also promote interoperability with U.S. forces, while contributing to a strong U.S. defense industrial base. This industrial base constitutes part of DoD's mobilization base in the event the U.S. must respond quickly to a military conflict. For FY 93, the most current year for which we have available figures, Foreign Military Sales and Direct Commercial Sales in the USEUCOM AOR alone accounted for more than \$8 billion. This translates to 320,000 U.S. jobs.

A premier component within the Security Assistance program is the IMET program. IMET promotes military-to-military relations and exposes international military and civilian officials to U.S. values and democratic processes. In FY 94 we sent 876 international students to the U.S. from the European Command and paid for seven English language laboratories in Central and Eastern Europe and the Former Soviet Union, all at a cost of only \$11.6 million. Twenty percent of all flag officers in Turkey are IMET trained. Eighty percent of the senior leadership in Portugal are IMET graduates. More than 500 senior civilian and military leaders throughout the USEUCOM AOR are IMET trained. Over the years, this familiarity with U.S. doctrine and equipment leads to repeat equipment orders and favorable base rights negotiations. Several instances of immediate support during Desert Shield/Storm were directly attributed to relations fostered through IMET. Simply put, IMET is the centerpiece of Security Assistance.

Another program designed to train foreign leaders in democratic processes and ideals is the Marshall Center. In December, the Marshall Center graduated its first class of 73 mid- to senior-level officers and civilians from 23 Central/Eastern European and Former Soviet Union countries. The Marshall Center's mission is to assist these countries in the development of

military institutions compatible with democratic processes and civilian control. The Center offers courses, holds conferences, and sponsors research on defense procedures and organizations appropriate to democratic states with free market economies. Special emphasis is placed on human rights and civilian control of the military. This is a very cost effective means of influencing the future generation of regional defense leaders.

While these unilateral activities are of long term benefit to the U.S., they also provide the foundation needed to build the new security architecture of a reunited Europe. The Partnership for Peace (PfP) Program has been one of the most dramatic developments this past year. Since January of 1994, 24 nations have signed the basic PfP agreement; 15 have submitted their list of proposed activities, called presentation documents; and eleven have already sent liaison officers to the NATO Headquarters in Mons, Belgium, to work on the program. In fact, at the Partnership Coordination Cell in Mons, partner liaison officers are planning, training, developing common operational procedures, and becoming friends. One need only visit the Partnership Conference Center to capture the spirit of PfP. The building's foyer now contains the flags of 39 partner and NATO nations arranged in alphabetical order -- Albania to Uzbekistan -- not NATO on one side and partners on the other, but flags side-by-side. This is PfP, the New Europe and the New NATO.

You would have sensed the same spirit of partnership at the opening ceremony of the first PfP exercise near Poznan, Poland. There, more than 600 soldiers from 13 countries -- 6 NATO and 7 partner states -- trained together. Organized in five international companies with national platoons, these soldiers practiced observation, patrolling, and escorting tasks common to peacekeeping operations. They are the vanguards of partnership, opening a whole new chapter in the history of NATO and Europe. The tempo of similar and even more ambitious exercises will continue over the coming year.

While cooperation with our former adversaries is important, the cooperative reduction of the overall military arms inventory is key to building mutual trust and reducing the potential for future conflict. USEUCOM is actively involved in the arms control effort. Nowhere in the world does the level or spectrum of activity in the arms control arena match what is taking place in the USEUCOM theater of operations. Our daily efforts to comply with the protocols

and confidence building measures of the Intermediate Nuclear Forces Treaty, Conventional Forces Europe Treaty, and Vienna Document 1994 set the highest example for the international community on how to responsibly comply with and participate in the post-Cold War European security process.

The Conventional Forces Europe Treaty represents the most comprehensive conventional arms control treaty since World War II. As the Secretary of Defense's Executive Agent responsible for ensuring the U.S. Government's compliance with that treaty, I am proud to report that our forces completed their required equipment reductions and destruction, a full two years ahead of schedule. In addition, their direct participation in Vienna Document 1994's confidence and security building measures, such as unit inspections, exercise observations, base visits, and military equipment demonstrations, continues to help reduce military tensions and suspicions, improves upon a record of confidence and stability, and shapes the European security environment.

As USEUCOM looks toward future arms control agreements, I consider reducing strategic nuclear weapons and controlling the proliferation of weapons of mass destruction to be endeavors that are vital to U.S. and European security. I support the full implementation of both START I and START II, and the indefinite extension of the Nuclear Non-Proliferation Treaty. These agreements not only reduce the stockpiles of weapons of mass destruction and the potential for accidents or incidents, but allow newly emerging democracies the opportunity to demonstrate cooperative intentions to the world community. I intend to remain fully engaged and supportive of several arms control initiatives that are on the horizon, including the Open Skies Treaty and the Chemical Weapons Convention. I will monitor these developments closely, and their effect on my combat capabilities.

Turning south toward Africa, our resources and interests are more limited. USEUCOM's strategy provides a means for assisting African host nations in democratization and, when possible, relief of human suffering. The focus is on humanitarian national assistance activities of a non-lethal nature. Some of our key initiatives include senior officer visits, medical training exercises, training cruises, civil affairs training and IMET. Nowhere in the AOR is IMET so important. In African militaries, IMET is the most well known and

sought after U.S. program. And from the U.S. perspective, IMET is our most cost effective program in this part of the AOR. Through professional interaction between U.S. and host nation forces, forward presence operations contribute to the promotion of democracy and a professional military ethic. These actions, if continued, should help reduce the likelihood for U.S. military response. Should contingency operations to protect U.S. interests become necessary, the exposure of U.S. forces to Africa will increase their effectiveness.

### Respond to Crisis

In crisis situations, early intervention can avoid conflict. Forward deployed forces are capable of responding quickly and effectively across an extensive spectrum of crises. Because *respond to crisis* covers such a broad area, from humanitarian operations, Non-combatant Evacuation Operations (NEO), and sanctions enforcement, to the whole spectrum of peace support operations, it is the prime cause of USEUCOM's high operational and personnel tempo (Figure 5). Though crisis response often supports the objectives of promoting stability, it sometimes is intended to thwart aggression by threatening or using U.S. military power to protect our vital interests. It may also be structured as a prelude to our third strategy, *fight to win*.

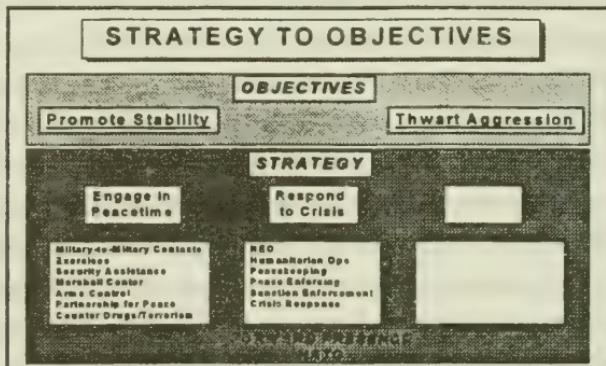


Figure 5

In the case of humanitarian operations, the objective is to relieve human suffering. Often USEUCOM forces are committed when significant loss of life threatens to happen so quickly that no other agency can respond in time. We primarily use our logistics capability to conduct these missions and use it to stave off great loss of life until other government agencies and non-governmental organizations can be mobilized.

Operation SUPPORT HOPE demonstrated the key role forward presence plays in responding to a humanitarian crisis. Our primary goal, to stop the dying, was accomplished quickly and effectively. Our unique lift capability, logistics support and overseas bases helped make this operation a success. As the name of this mission implies, we *supported* other agencies by providing these unique capabilities. We ensured our mission statement was clear and concise, which prevented "mission creep" and provided an orderly and expeditious exit strategy. In short, we responded quickly, accomplished our mission, turned over our responsibilities as soon as other agencies were prepared to assume them, and exited. There is no residual U.S. military footprint in the Rwanda Area of Operations.

NEOs, similar to the Rwanda NEO prior to Operation SUPPORT HOPE, are a special kind of humanitarian mission because they are conducted in an unfriendly environment, possibly requiring the use of military force. Speed, planning, organization, and a high degree of flexibility are all required to accomplish NEOs successfully. Although they can be very demanding, they are of short duration and do not tie up critical resources for a long time.

Unlike NEOs, peace operations do tie up critical resources for a long time. Often, the desired political end state requires time and is opposed by actors deeply committed against it. Furthermore, it is hard to define a military objective that supports the desired political goal.

The peace operations in the Former Yugoslavia, by which we aim to help achieve a negotiated peace settlement, are examples of military involvement in a conflict that requires a long-term political solution. While this solution will not occur overnight, our forces are containing the conflict, supporting sanctions imposed by United Nations resolutions, and meeting humanitarian assistance needs on a daily basis. U.S. forces, in concert with NATO forces, have not only saved lives and relieved the suffering of thousands of people, but have

been directly responsible for preventing this conflict from escalating. For example, in February and April of 1994, in response to a UN request, and to relieve the senseless bombardment of Sarajevo and other safe areas, the North Atlantic Council declared exclusion zones to protect the people of that region.

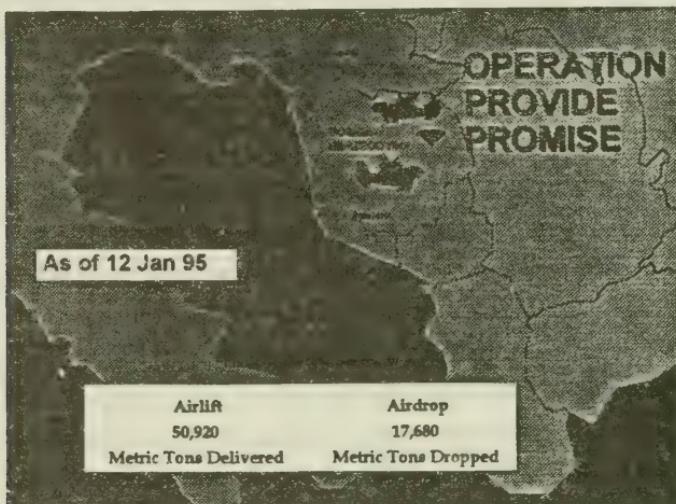


Figure 6

Operation PROVIDE PROMISE involves daytime airlift missions to Sarajevo and nighttime airdrops to exclusion zones over Bosnia-Herzegovina. As of 12 January 95 the U.S. had flown 4,131 sorties into Sarajevo (36% of the 11,321 total sorties) and delivered 50,920 metric tons (MTONS) of cargo. By that same date the U.S. had airdropped 17,480 MTONS of food and 200 MTONS of medicine to needy people in Bosnia (Figure 6). PROVIDE PROMISE is a prime example of sharing risks, roles, and responsibilities among our Allies. U.S. aircraft and crews participate in the Sarajevo airlift with those of four other countries

(Germany, Canada, France, and the United Kingdom) and in humanitarian airdrops with two other countries (Germany and France).

In the Adriatic, two U.S. surface ships are enforcing economic sanctions with 18 other Allied surface ships from 13 countries in the NATO Operation SHARP GUARD (Figure 7). U.S. participation in this operation changed from enforcing the UN embargo to enforcing sanctions as of November 15, 1994. As of 12 January 1995, the Allied ships had challenged a total of 45,114 ships, actually stopping or boarding 3,479 of those.

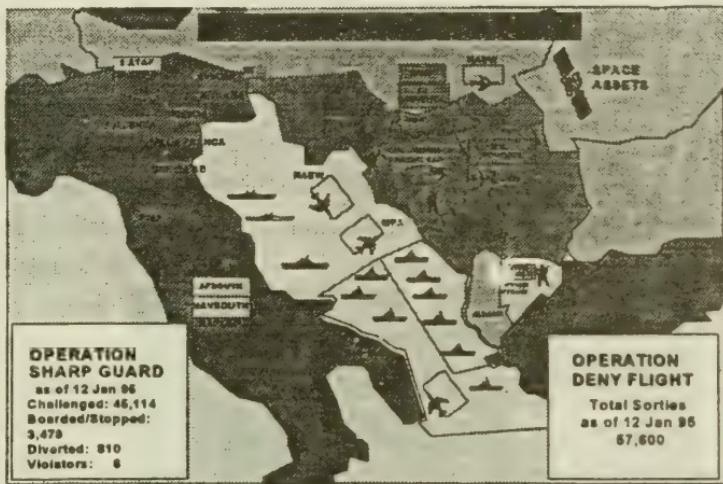


Figure 7

Operation DENY FLIGHT is another example of the concept of shared contributions for common security interests. NATO is executing this operation in support of the UN Security Council Resolutions calling for the protection of airspace over Bosnia as well as UN forces on the ground. Our aircrews have flown close air support for embattled UN troops, saved thousands of lives in Sarajevo by enforcing the exclusion zone, and shot down four Serb aircraft caught in the act of bombing a Bosnian village. The many missions NATO has accomplished recently illustrate how the past 40 years of harmonizing and streamlining NATO

tactical procedures paid off. The U.S. currently contributes 76 of the more than 167 NATO tactical aircraft involved in the No-Fly-Zone enforcement operation over Bosnia-Herzegovina. A total of 21,500 sorties have been flown as of 12 January 1995.

We also have people involved in many other aspects of the humanitarian and peacekeeping efforts in the Former Yugoslavia, including medical teams to support UNPROFOR personnel and approximately 500 personnel in the former Yugoslav Republic of Macedonia as part of Task Force ABLE SENTRY. Of the peacekeeping troops in the Former Yugoslavia, however, U.S. personnel make up only about 3% of the total (Figure 1).

Another long-term humanitarian relief effort is Operation PROVIDE COMFORT, which is operating under a UN mandate to assist the Kurds in northern Iraq (Figure 8). Since Combined Task Force PROVIDE COMFORT's contributions to the relief effort began in April 1991, large quantities of relief supplies have been delivered--food, medical supplies, fuel, and shelter materials. Coalition fighters have flown 31,210 sorties in support of PROVIDE COMFORT since October 1991.

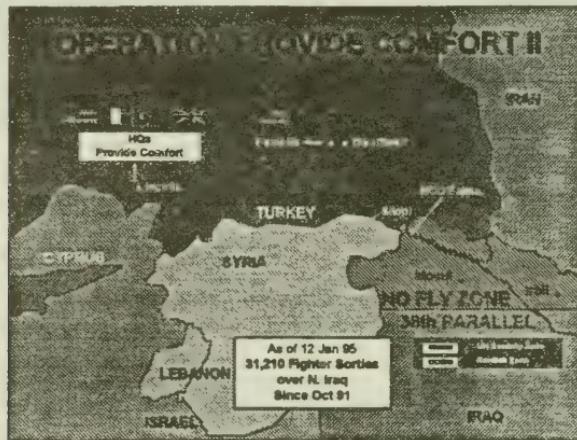


Figure 8

We also supported operations in the CENTCOM AOR. On 26 January 1994, we deployed the four ship Inchon Amphibious Ready Group into the CENTCOM AOR to support operations in Somalia. We again dispatched forces to aid the withdrawal of UNOSOM forces as the U.S. disengaged from Somalia. USEUCOM also took quick action by sending troops, again to the CENTCOM AOR, to reinforce Kuwait and Saudi Arabia and send Saddam Hussein a clear message of U.S. commitment and resolve.

USEUCOM's experiences in current operations throughout this theater have taught us some important lessons for the future. Specifically, they have demonstrated that to obtain maximum leverage from combined military forces, deployable, trained and flexible headquarters are needed for contingency operations. Under this approach, NATO will train and organize a headquarters adaptable to a wide variety of possible situations and be capable of leading both NATO and non-NATO units. Such a headquarters would use the military capabilities of nations both in and out of NATO and would take full advantage of the more than 40 years of NATO training in controlling multinational operations. This is the Combined/Joint Task Force (CJTF) headquarters concept.

The CJTF headquarters could draw under its control groups from NATO's streamlined military structure as well as non-NATO units provided by the PfP partner countries. This concept holds great promise in the area of future crisis response. With these forces, a CJTF could exercise command and control over peacekeeping, humanitarian relief, or other missions. In doing so, it could serve either NATO or another security institution; because it could draw from so many nations, it would reduce U.S. commitments. This is the kind of leverage the U.S. and the Alliance need for future challenges.

#### Fight to Win

Maintaining a high state of readiness, EUCOM forces are prepared to *fight to win* ultimately guaranteeing our vital national interests (Figure 9). The fact that we demonstrate the capability and the resolve to implement it is the key to our influence in every region in the AOR. Our efforts to promote democracy and stability peacefully are and should be the

cornerstone of our strategy, because deterring a war is infinitely preferable to fighting one. But if deterrence fails, we must be prepared to *fight to win*.

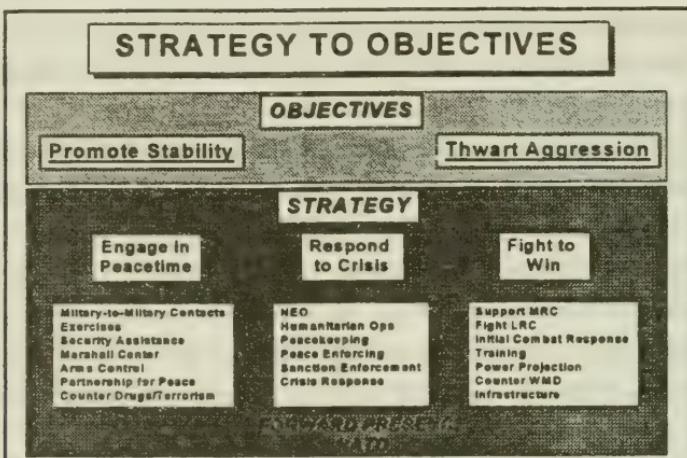


Figure 9

USEUCOM's fight to win strategy includes: maintaining ready forces, enhancing our interoperability with our friends and allies, maintaining adequate infrastructure and basing, and supporting modernization.

Maintaining ready forces is the foundation of the fight to win strategy. Given the diversity of this AOR, and the high OPTEMPO it imposes, maintaining readiness requires intense involvement by CINCEUR. I must stay involved by designating the kinds of missions EUCOM forces must be ready to accomplish; making sure that units meet the necessary standards in order to be certified as ready; and maintaining oversight of the training process to keep our training resources focused on the proficiencies we need. Only with this kind of clarity and precision have we succeeded in maintaining both our readiness and our OPTEMPO.

Part of doing this right is taking care of our soldiers, sailors, airmen, and marines. Providing an acceptable quality of life for our servicemembers and their families is not only a long term investment in readiness, but our obligation. Our troops expect nothing more -- we must demand nothing less. Maintaining an acceptable quality of life for our troops is my number one priority.

Treating our servicemembers as they deserve, and maintaining a high standard of training is not enough. An adequate force structure must be in place for us to be effective.

USEUCOM's end strength of approximately 100,000 troops provides the force levels needed for crisis response in or near the USEUCOM AOR, meets our alliance commitments, and maintains the infrastructure necessary to reinforce our forces or provide throughput to neighboring regions. U.S. Army, Europe (USAREUR), is structured around a two division corps. Each division is rounded out by a brigade dual-based in the U.S. This corps is the smallest operational level at which we fight and deploy our Army. U.S. Air Forces Europe (USAFE), provides 2.33 wings of fighter aircraft and a limited number of support aircraft to accomplish a wide range of tasks throughout this theater. U.S. Navy, Europe (USNAVEUR), and Marine Forces, Europe (MARFOREUR), force structure includes only the shore forces that support the Carrier Battle Group, the Mediterranean Amphibious Ready Group/Marine Expeditionary Unit; and conducts maritime surveillance operations. In addition, the Special Operations Command, Europe (SOCEUR), provides unique warfighting and crisis response capabilities necessary to fulfill our theater requirements.

Our infrastructure and basing give us access to this and nearby regions, as well as vital supply lines to maintain and reinforce our forces. This infrastructure is critical to U.S. influence abroad.

Modernization is essential to maintaining our warfighting capabilities. Our forces need the technological edge to ensure greater effectiveness and reduce casualties in the event of war. More importantly, our advantage in technology effectively deters would-be aggressors -- avoiding the need to *fight to win*.

### Theater Security Synchronization

Our strategy of active engagement and preparedness is designed to ensure our national interests well into the next century. Today's complex security environment demands that we synchronize our efforts with the many U.S. agencies outside DoD who are engaged in Europe, the Former Soviet Union, and Africa. We must be able to plan and work together toward a common set of objectives.

To achieve that end, we have developed a comprehensive and integrated architecture that we call the Theater Security Planning System (TSPS). The purpose of this system is to synchronize the planning and execution of the theater strategy by interfacing EUCOM and Component efforts with Embassy Country Teams in the production of executable campaign plans. These plans establish goals, determine priorities, and effectively allocate resources. We believe that TSPS ensures we have One Team, One Voice, One Fight.

### Resource Priorities

The most visionary strategies and wisest objectives are of no use without the "means" to implement them (Figure 10). Our success over the past year is directly attributable to Congressional support for our many programs

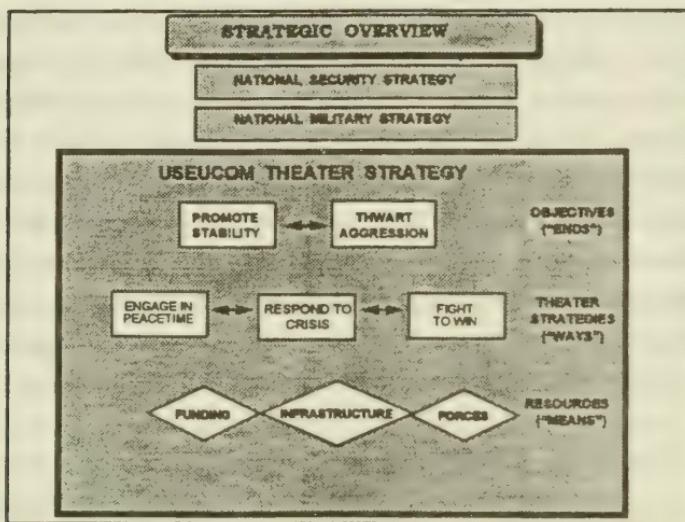


Figure 10

### Funding

O&M dollars maintain readiness, train and exercise our forces, and maintain our busy pace of operations. Unfunded contingency operations and theater transition costs drain those dollars and negatively affect training, readiness, and PERSTEMPO. We appreciate the

supplemental contingency funding that we received this past year. But timing is critical, and if funding arrives late, even if it is generous, we must cancel exercises, defer equipment and facility maintenance, delay or cancel contracts, or even pay for a contract we cannot afford to terminate. All of these factors adversely impact our combat readiness.

Burdensharing legislation, as we have seen it formulated in recent years, can also result in a reduction in readiness. Cuts made in the name of burdensharing are made with hopes of forcing our allies to pick up the difference. We should remember that "the difference" must be voted by European Parliaments, and that the people and their representatives sincerely believe that they are both shouldering a fair share of the burdens and risks in this theater's daily operations and contributing to overall security in important and expensive other ways as well. For example, Germany, our largest host nation, spends two and a half times Japan's percentage of GDP on national defense. In addition, Germany contributed four times more than the U.S. to aid economic reform in the Former Soviet Union, which also benefits our interests. This is even more impressive considering the high cost of Germany's reunification. And in Bosnia, it is our Allies' soldiers, 17,000 of them, who are on the ground within the range of Serb guns. I urge the Congress to consider all the risks and burdens shared by our Allies, along with the impact to our troops, before considering future burdensharing legislation.

O&M funds promote stability through several activities, such as our Joint Contact Team Program, bilateral training exercises, Security Assistance, the Marshall Center, and the Partnership for Peace Program. These important programs need funding to work. Our Joint Contact Team Program and Security Assistance programs, under legislative jurisdiction of the State Department, need special consideration since their funding mechanism is outside DoD's control.

The Partnership for Peace Program is vitally important because it provides the vision and the mechanism for the future trans-Atlantic security environment. This program is the catalyst that links the individual security interests of Central and Eastern Europe and the Former Soviet Union countries to the highly successful process of collective security embodied in NATO. PfP is the first step toward a reunited Europe that includes Russia.

Funding the Services to improve mobility is a high priority. Mobility is vital to supporting our crisis response and warfighting strategies. It is even more significant considering the drawdown in Europe. Strategic lift, combined with prepositioned materiel, is critical to fighting or supporting any major regional conflict in or near the USEUCOM AOR. The C-17, our aging C-141s, C-5s and C-130s, and commercial aircraft, provide airlift for initial reaction forces, and follow-on reinforcement and logistics. I strongly support the C-17, key to delivering critically important out-sized equipment directly to the battle front. Likewise, we must improve our strategic sealift capability to provide heavy reinforcement and sustain theater logistics. We also require sufficient amphibious lift to support a forced entry capability and a medium lift replacement helicopter for the Marines and Special Operations Forces.

Funding for modernization of key weapon systems ensures we can achieve our strategic objectives. In USEUCOM, we face a challenging theater missile threat, particularly in the southern region. At present, our theater missile defense systems are limited in protection capability and force deployability. Just over the horizon are several new systems in final stages of development that address the theater missile defense threat. We need to pursue the development of these systems today, to make them operational in the near future.

We need to modernize critical warfighting capabilities through continued acquisition of precision stand-off munitions, strategic precision bombing capabilities, and JSTARS. These systems provide a credible deterrence with proven pinpoint accuracy and critical warfighting capabilities.

Another aspect to maintaining our joint warfighting capabilities is to support the Joint Professional Military Education Program for our senior leaders. USEUCOM requires joint-trained professionals to integrate and employ the unique capabilities of our Service component commands effectively. Joint professional military education is one of the foundations of our joint operations capabilities. It underwrites both our ability to respond to crises in the near-term and our development of long-term strategies in this AOR. Investing in this education will help build the future military leadership of this country as envisioned in the Goldwater/Nichols Act of 1986.

Specialized support capabilities must be funded in this theater to be effective. Of particular importance to USEUCOM are satellite and land communication systems that enhance command and control, and funding for tactical reconnaissance programs that support our intelligence needs.

My highest intelligence priority is the Joint Analysis Center (JAC) at RAF Molesworth, and its associated systems and communications. The JAC is the model for intelligence support to joint and combined operations, and its products meet national, theater, service component, and tactical requirements. The JAC supports every level of our theater's strategy -- from arms control verification to humanitarian operations to traditional warfighting capabilities. Its success in meeting the intelligence needs of U.S. forces, NATO, and our coalition intelligence at the United Nations proves that consolidated intelligence at the joint theater level is a concept compatible with today's intelligence challenges and resource constraints.

#### Infrastructure

USEUCOM basing and infrastructure are essential to maintain our forward presence, give us access and support to this and nearby regions, and underwrite our commitments to our friends and allies. Our command structure and infrastructure have been streamlined and consolidated to better accomplish our strategy with fewer resources. For example, our Air Force component restructured its headquarters and went from a staff of more than 2,000 to 837 (58%) and reduced the number of General Officers by 64%. Our Army component also restructured and trimmed 42% of their staff. Finally, USEUCOM consolidated many of the theater functions that were redundant at the component level, such as theater intelligence which reduced billets from 20,500 to less than 7,600 -- a 63% reduction.

Our drawdown of facilities is near completion and will leave USEUCOM at 59% of our Cold War infrastructure levels. The facilities we retain allow future consolidation and flexibility. Any facility not supporting our end state is being returned to the host nation. We must, however, maintain our remaining infrastructure and provide essential construction projects to meet readiness and quality of life requirements. Military Construction (MILCON)

is one of the key factors in maintaining an acceptable quality of life for our people. Above all else, we must maintain our commitment to our people by investing in the infrastructure necessary to meet their needs.

I place a high priority on fully funding one of the most successful burdensharing arrangements in the Alliance – the NATO Infrastructure Program. About 28 cents of U.S. investment buys access to one dollar worth of infrastructure through this revitalized program. But even more impressive is the return we received on this investment. Over the last five years, we have invested one billion dollars in NATO Infrastructure. U.S. industries have received more than \$1.7 billion in high-tech contracts and more than \$100 million in military construction contracts within the Continental United States, through the NATO Infrastructure Program. Cuts to this program undermine our leadership in the Alliance and adversely impact U.S. and Alliance operational capabilities.

### Forces

A permanent force structure of approximately 100,000 fulfills our commitments to the National Command Authority. The key to reducing our PERSTEMPO to sustainable levels is the rotational forces that serve in varying capacities, such as some of the Operation DENY FLIGHT squadrons, the Carrier Battle Group, and the Mediterranean Amphibious Ready Group/Marine Expeditionary Unit. Also critical to our success are the Reserves, who perform highly specialized and critical functions throughout this theater, such as language experts to augment our Joint Contact Team Program and water purification specialists.

Achieving a high quality of life for the troops and their families is my number one priority. People are our most valuable resource and constitute the backbone of our quality force. We must never break faith with our troops whose dedication and devotion are second to none. We have an obligation to maintain an acceptable quality of life for them and their families. Our troops have endured many hardships while performing diverse missions at an extremely high operations tempo. All of this was accomplished in the midst of the largest drawdown since World War II. In the end, it will be the dedication and professionalism of

those who serve our country that will underwrite our commitment to national security. Our loyalty to our people will lay the foundation of their commitment.

### Conclusion

Our active involvement in the USEUCOM AOR offers the very real possibility of preventing the need to engage in more costly operations — in terms of lives and resources. We must remain engaged as NATO's leader, and continue to help shape events to fit our national purpose. With U.S. leadership and commitment we can help guide this region of the world towards peace and prosperity.

In closing, Mr. Chairman, I appreciate this opportunity to appear before you today. On behalf of the men and women under my command, thank you for the support your committee has consistently provided our Armed Forces and USEUCOM. I look forward to your questions.

The CHAIRMAN. Thank you, General. I will not have any questions this time. I will pass to our ranking member, Mr. Dellums.

Mr. DELLUMS. Thank you very much. First let me congratulate you, general, on what I consider an outstanding opening statement. Second, let me ask you to elaborate some by giving an example or so as to what you mean by engagement as a strategy for moving us beyond military confrontation and a way of preventing military crisis?

General JOULWAN. Yes, sir. What we are trying to do in both my NATO and U.S. hat, in developing this engagement strategy with former adversaries, now new partners, is to try to develop the mutual trust and confidence that is so important for stability within Europe.

We have now, and it is an old soldier now, 34 years talking to you, that right outside of my headquarters now, we have a partnership coordination cell and there are 12 liaison officers there from former Warsaw Pact countries; 100 years from headquarters.

That is the opportunity we have in this engagement with them to see if we can work common standards, procedures and doctrines so that if we have to work together, we would have a higher probability of success.

In this engagement strategy, we are not just talking about a relationship with country-x, let's say, Poland or the Czech Republic and NATO, but that country and its neighbors and NATO. We have respect for borders, mutual trust and confidence that develops.

This is what we are trying to do with both our bilateral program and our multinational program under NATO, is to develop this trust and confidence as we go forward. It was theory last year when I talked to you. It is now into practice. I visited many of these countries. I am excited by what I have seen.

Mr. DELLUMS. General, some have advocated the immediate inclusion of Poland, Hungary, the Czech Republic and Slovakia into NATO. From your vantage point, can you share with us what your thoughts are regarding our NATO allies' views about immediate membership into NATO?

General JOULWAN. It is a mixed set of views on that within the alliance. It is really a political question. That question will be decided by the 16 member nations of the alliance. What will happen this year and it is going to be set on the agenda of NATO is to talk about not the if or when but the who and the why of membership.

That is yet to be debated within the alliance. That will happen this year. I think that will lay out the criteria that we are talking about. I would like to say, if I can, to marry up the first part, the military cooperation program I talked about. That should continue as we have the debate on expansion.

It allows us this engagement with particularly the military's former Warsaw Pact countries to develop this trust in confidence. I hope that could continue while the debate for expansion is on. That issue is a political one and will be decided by the member nations of the alliance.

Mr. DELLUMS. Thank you.

Mr. SISISKY. Would the Gentleman yield just for a moment?

Mr. DELLUMS. Happy to yield.

Mr. SISISKY. General, would you describe very shortly the criteria that it takes to get into NATO?

Mr. DELLOMUS. That is a good question.

Mr. SISISKY. You know, the things that they are going through now.

General JOULWAN. Well, again, that who and why will be determined. Right now of the 16 nations—and I might add, when NATO started out in the early 1950's, there were 12 nations. It expanded to 16. So, there was expansion back in the 1950's. I think we have to understand that when we talk about the 1990's, what is going to happen. That will be a political question.

The criteria as it stands now is that the nations that are accepted for membership in NATO are given protection under what is called article 5. That is, an attack upon one is an attack upon all. So there is a security guarantee.

The other part of that is that the nations of the alliance participate in what we call the integrated military command structure. They give officers and earmarked forces for the alliance. They also provide some funding for the alliance. Some resources are made available for the alliance. The trappings of membership include all of that; troops, resources, integrated command structure, but all of that is to be debated. That is what is going to be on the agenda for the North Atlantic Council this year.

Mr. DELLOMUS. General, let me go directly to a set of concerns that I alluded to in my opening remarks. To the question of readiness, and I think you dealt with it briefly in the course of your comments.

The direct question, from your perspective, what is the state of our readiness at this particular moment? In the near term what are your concerns, long term? Finally, can you quantify your quality of life concerns as it impacts readiness?

General JOULWAN. Let me try to answer it this way. About a year and a half ago, I was quite concerned when I did an assessment; my initial assessment of arriving in Europe. We have looked at readiness from personnel, from training, from equipment and from sustainability.

You have to look at it from all of those angles. The difficulty comes in, in that you set out a training program for your troops when you have a contingency that you have to do. In this case, let me say whether it is Bosnia, Deny Flight, Sharp Guard, Macedonia or, in this case, Rwanda, then you have to divert forces from their normal training schedule.

That is where you have to be very careful. If the funds that you use to fund that contingency are not immediately given to you, it is very difficult to makeup that training time. That is where we run into difficulty.

Let me also say there is some training you get when you deploy on contingency. I do not want to talk totally negative here. I think the idea of projecting the force, of being able to do your mission essential task, mission analysis, all of that is excellent training for the force.

The problem is there are certain things you cannot do. That is where you need to be careful. You need, as soon as the contingency is over, to do those tasks; whether you are mechanized infantry,

whether you are flying F-16's or on a ship. The resources have got to be there to do it.

If we can get the supplemental in March, you see, I have taken risk in the fourth quarter of this year. I cannot, to be very candid, half-step through readiness with the sort of missions that I just mentioned. These are operations that we have. So, I have taken the risk in the fourth quarter.

It does not do me any good to get the money in September because I will miss all of that training opportunity. That is the complexity when you talk about the degradation of readiness. This year, what I would like to do is maintain the level that I have right now. If I get the supplemental, I will be able to continue it in the fourth quarter.

On quality of life, what happens is you are caught in a bind, so to speak, between providing the essential elements of quality of life. Because what I am concerned about is, an often used term of PERSTEMPO; how long a soldier, sailor, airman or marine is away from his or her station, or family, or community.

For example, an A-10 pilot last year, over 200 days were spent away from their community. What happens is you have to provide this quality of life for families. I consider that to be an essential element of readiness. You have to have troops and their families living in decent conditions and barracks to be able to spend the time away we are asking them to do.

One component had to take money out of readiness or the training in order to fund quality of life. That was repair of buildings; certain work that needed to be done on sewage and other things like that, that need to get done for good housekeeping and quality of life for the troops.

Mr. DELLUMS. Thank you, general. Mr. Chairman, you have been generous. I just want to make one observation in this regard and then I would yield back the time.

I appreciate your comments with respect to readiness, the problem of having to fund contingencies and then later be reimbursed through the program of the supplemental. I would just say to you, and I realize this is a political issue that we have to address. I personally think that is a bizarre and absurd way to do business.

I think my colleagues and I need to grapple with that. I do not think it is good government. We sit here and we pound out a budget. The administration pounds out a budget. We pound out a budget. It goes through an incredible process; gets signed into law; worked out meticulously; a contingency arises and then all of that extraordinary budgeting goes out of the window because you now have got to find the dollars to fund the contingency; come back; scrub again to find the supplemental.

This gentleman's approach is much more straightforward. Let's face the reality that peacekeeping and peacemaking is an appropriate and real role for the United States to play in a post-cold-war world as we, using your term, engage the world.

Let's stop viewing the world in myopic terms as if some kind of way those functions are going to go away. Let's fund it, straight-up, have a line item in the budget with an account, with appropriate dollars so that you don't end up raiding accounts with contingencies.

The problem is such a political football right now that some guys want to back away from it or close their eyes and say peacekeeping is not a reality in the world. Both of those positions, I believe, are both bizarre and extreme.

That puts us in a position where you have to sit there and say, if I do have a readiness problem, it is because the way we fund contingencies forces me to go into my operation and maintenance account to fund them and then hope that you guys will give us the money back. I don't think that's good government. That is just my observation. I appreciate your comments. I appreciate your remarks.

Finally, let me say that what I have been impressed with is your clear understanding of the subtleties and the nuances of a post-cold-war world and the need for the United States to play a much different role in the world.

You seem to typify that in a manner that is straightforward. I just want to say that for and on the record. Thank you, sir.

The CHAIRMAN. I thank the Gentleman. We want to get on and get some other people engaged in this conversation. I would like to remark in that connection, with the ongoing contingencies—not being taken up in the budget, it is an ongoing thing.

The problem we have had recently with the supplemental, having to have a supplemental to replenish these accounts, that solved the problem maybe a little bit. The stop-gap, as I said, is ongoing.

The same thing is starting to happen all over again. You are going to find yourself in the same position of having to take money from other accounts to do all of these things you have referred to. It is a problem that we have to deal with. We will see where it goes from there.

Mr. Saxton.

Mr. SAXTON. Thank you, Mr. Chairman. General Joulwan, welcome. We are very pleased that you are here with us today to enlighten us on some of the issues that you work with on a daily basis, as well as some issues that you planned for in the future. We are going to face an issue that we have to make a decision on later this year involving airlift.

Just yesterday I learned that the weapon system that is involved in that decision, the C-17, has experienced some real successes recently. The manufacturer has been able to deliver the airplanes to Charleston on time; in fact, ahead of time, in good operational condition.

They have passed with flying colors all of the testing requirements that they have been put to. I was particularly pleased to learn that the price that we talked about a year ago has in fact been expected to tumble significantly to a much lower level. That is good news.

When I read your statement earlier, I saw five words that I strongly agree with where you said, I strongly support the C-17. I would like to give you an opportunity to talk about that as to what our need is and how you see the C-17 coming on-line; what kind of operational characteristics it has that we may need; and why it is that the other airplanes in our inventory don't suit the bill as well as the C-17?

General JOULWAN. I have always felt that strategic lift is something that as we get smaller in the force, we have to get more agile. We have to have flexibility. As a forward deployed CINC, when you start looking at operations, I mentioned several that we have ongoing.

When you look at something like Rwanda where it is a wild card that you get and you have to quickly deploy, you go right away to strategic lift and say, how do we get this whatever it is we have to move, in a timely way, to the point of where the mission is?

The problem is, and this is no news to this committee, that our strategic lift has been, over the last 5 or 6 years in particular, has been really used quite a bit; from Desert Storm, right up to the present.

We need to have replacement aircraft. We need to have aircraft that have the ability to take oversize cargo and land in some very difficult places to meet mission requirements.

In the theater and I think you have the map, in the theater from a very well-developed area like Europe, to lesser developed areas like Africa, Central Africa, Sub Saharan Africa, and northern Africa, you need some flexibility in order to be able to project whatever power in order to meet your interests.

I have felt very strongly that the C-17, not just in a strategic role, but also in an intratheater role is extremely important. We have to talk about how do you move strategic goods as well as intratheater. The C-130 is an excellent aircraft, as is the C-141, but there are limitations on the cargo and what you can use those aircraft for.

I do support it. I think it is something that we need and we need to have it in a robust way in order to meet our commitments that we have at least in my theater.

Mr. SAXTON. When you say we need to have it in a robust way, what do you mean by that?

General JOULWAN. It depends on what scenario you come up with; particularly when you talk about the MRC scenarios, as well as the lesser regional contingencies that you have ongoing, I think you need to have reliability in the airlift side of our force that can allow you to do the multiple engagements that we are talking about.

When we stretch the system, when you have multiple, simultaneous engagements, you really need to have the ability to move your force there quickly and reliably.

Mr. SAXTON. General, we have always relied on the C-130 for intertheater movement. It has been a good airplane. It has been very reliable. It can get into short fields and out of the way places. Why is it that we need to change our tactics and move to a different type of airplane?

General JOULWAN. I don't say to change the type, it is just that you can improve your capability. The C-130 is limited by payload and what it could take. When I saw the specifications on the C-17, it can get you in some of those same airfields with a much higher payload.

I cite an example of what I was wrestling with; how to get a German water purification unit into Rwanda. It would not fit on the C-141 or the C-130. It would have fit on a C-17. We did not have

any available at that time. The option of having that aircraft available could have gotten something where it was needed very quickly and very efficiently.

Mr. SAXTON. Mr. Chairman, if I may, just let me pursue this point because the general and I frankly had a discussion about this scenario earlier today. General, you ended up having to fly that water purification system on a C-5. Is that right?

General JOULWAN. That's right.

Mr. SAXTON. Did you get it into the airport where you needed it on the C-5?

General JOULWAN. We got in the airport in Goma. We got it in there, but there was a contingency of a place called Bakabou, which was in the southern part. And we looked at this airport in case that we had, there was another million refugees.

There was a potential of millions of them developing there. So, we developed some planning that said, how could we get into this airfield? We looked at the specifications of the airfield and what was needed down there. The aircraft of choice, we could not have gotten a C-5 into that airfield. Either you don't get the water purification unit in there in time, or you could have used a C-17 to get it in there.

Mr. SAXTON. You had to go to an alternate location?

General JOULWAN. We went to Goma, Zaire with it. In the end we prevented the disaster from happening in Bakabou, but we did some prudent planning which said the C-17 would have been a great asset to us.

Mr. SAXTON. Did it take longer to get the water purification plant where you needed it?

General JOULWAN. We got the C-5 in there in time, Congressman. I don't think there was a delay. A delay would have come if we had to go to the other airfield.

Mr. SAXTON. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Montgomery, the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, you and I have sent an informal letter to members of this committee inviting them to be here in the morning at 9 a.m. to hear General Baka who is chief of the National Guard Bureau and his other assistants to talk about the National Guard.

I hope members would come by. I think you would learn more about the National Guard. I bring that up because general, you mentioned that you are using the Reserve in Europe. That is what the total force is about.

As I have said before, 38 percent of the total force is made up of the Reserve and National Guard to get 8 percent of the money. My question to you is, would you further explain how you are using different States of the National Guard. That National Guard, say, in Maryland has a brother, I guess, Astonia? How does that work? Is that the Army Guard and the Air Guard? What does that mean?

General JOULWAN. Combination Congressman. It really is a State sponsorship program of this country. The different States are at different levels of engagements with these new States. What they do, there is a joint planning assistance team in each one of these States.

Some of the personnel come out of the Guard. There is a relationship where when there are exercises run under this cooperation program, Reservists take part in that from, say, Maryland, Alabama, Pennsylvania, and Lithuania. They develop a relationship.

What better example is there for the citizen soldier for these emerging democracies to see than our Reserve component officers and men. I think there is a great opportunity here.

Mr. MONTGOMERY. I think it is a great program as I understand it. Are we helping the different States help these new democracies set up a National Guard, unit State guard?

General JOULWAN. I think that will come. This is a just-started program. I think there has been some talk on how to establish Reserve units. I did some of this when I was in Panama. We did have some work done in Central and South America where Reserve Forces were created in some of those countries. I expect the same thing to happen in Eastern and Central Europe.

Mr. MONTGOMERY. Thank you.

The CHAIRMAN. I thank the gentleman.

Mr. CUNNINGHAM.

Mr. CUNNINGHAM. Thank you, Mr. Chairman. General, you testified as far as readiness. I think as an ex-member of the Navy, I think I would assess readiness in two words. It would be dog's breath.

I think if you take a look at what we have gone through in the Armed Services and the cutbacks, there are those on the other side of the aisle in some cases, the former leadership of this committee, is quite different than it is this year. Members on both sides of this committee are better able, this Congress, to help you with those problems.

The former views on both sides of the aisle have been rejected. They have told me that personally. Although they have the right to express that view, the real debate is, how do those views affect the readiness and national security of this country?

In my opinion, those views have degraded that capability. I look at the extension in Somalia and the billions of dollars and I see us pulling out of there right now. General Aideed is still there. It cost us billions.

I look at Haiti when we pull out of there. I look at the forward employment of dollars it takes away from that training as well. I also take a look at it closer. I personally fought to have F-14s re-engined because the TF-30 has compressor stalls and problems. We just lost the first female F-14 driver to a bad TF-30.

This committee took the money away in conference and spent it elsewhere. That is personal and that is readiness. We lost the training of that young lady and that asset. I know that you support the C-17 and I think most of us do too. During Desert Storm I also know that our sea lift capability was very degraded.

Do you feel that there is an equal importance? On a bipartisan basis, many of us support U.S. ships being built in the United States by U.S. workers and the sea lift capability. Do you think we have adequate sea lift today or do you think we need an increase?

General JOULWAN. Let me just say that I put strategic lift, and that includes both air and sea, as the top priority for how we move. I believe we have 11 of the RO/RO ships. We are getting eight

more. That will go a long way with the SO-7s to give us the capability to project the force in a way that can give us the agility we need.

I would hope that will continue; particularly in the fast sea lift program. In what I have seen in the President's budget, I think we are moving in the right direction. Sea lift and airlift are absolutely essential if we are going to be able to deploy a force when and where we want to.

Mr. CUNNINGHAM. Thank you, general. Another question I have, I know in World War II we had, we didn't have, the Germans had over 50 divisions in Bosnia. They were not able to control the area. Do you think there is any amount of U.S. employment and if they did employ, would they be able to control the situation for a short time and if they withdrew, do you think there will be much change?

General JOULWAN. Though I think we can learn a lot from the past. I think we have to look at what we are really talking about in Bosnia. I have been watching it closely now for some time.

Let me start out by saying up-front, I think what is really needed in the former Yugoslavia and Bosnia is a political and a diplomatic solution, not a military solution. What I have seen so far on possibilities of U.S. involvement would be to assist in a withdrawal of the forces that are on the ground; NATO countries that have forces there. Or to implement a peace plan, once a peace was agreed upon.

Under those conditions I think that there is some possibility of success. That is different than when the German's went in there, they didn't go in there to work out a peace plan or to withdraw forces.

We are looking at it very closely to say, how do we create the best conditions for success. On the ground now, 97 percent of the force on the ground are other than the United States. Our allies are involved; 23,000 of my NATO Forces are on the ground now in Croatia and Bosnia under the United Nations.

We have got allies here that we have got to consider. I think it would be very prudent on our part. I think as part of the alliance, if there is a withdrawal, to at least consider the use of United States Forces. No request has been made, let me be very clear, by the United Nations nor no decision has been made by the North Atlantic Council to conduct a withdrawal. I hope that UNPA-4 can stay there and carry out and fulfill their mission. We are doing some prudent planning just in case.

Mr. CUNNINGHAM. Thank you, general.

The CHAIRMAN. I thank the gentleman. Mr. Skelton, the gentleman from Missouri.

Mr. SKELTON. General, thank you for being with us today. I compliment you on your continued excellent work. It is a very difficult challenge that you have in Europe. You bring pride and credit to all of us here.

You never get a lot of pleasure, general, out of saying sometime after a fact, I told you so. Let me share with you, back in May of 1990, I had the opportunity to give a speech down at TRADOC to all of their commanders. I, among other things, told them even though the focus of the time and of the day was on low-intensity

conflict, you will recall the era, I told them not to forget to be able to fight a major conflict. Of course, Saddam Hussein made that a reality. Of course, we did well; 247,000 active duty Army soldiers totaled a half a million Americans involved in that.

We do not know what the future really holds today. We see the Berlin Wall coming down and the implosion of the Soviet Union; these countries asking to be partners in NATO. Out of all of this I have a concern about the size of our forces. I had mentioned this to you briefly. Your predecessor said the appropriate size of the American Forces in Europe should be 150,000. It apparently is way down to be around 100. I think you said a moment ago we would level at around 118. Is that correct, sir?

General JOULWAN. About 108.

Mr. SKELTON. Eight; I'm sorry. In the Army, we will have two divisions; a total of four brigades plus, of course, the headquarters. We have the Bosnian situation where we are participating to a limited extent now. As you mentioned a great number of NATO Forces are there.

We would find ourselves involved number-wise in two instances. One, if we have to withdraw the UNPA-4 Forces that are there, and if there is some problem, that will take a good number of our American troops.

Also, if they signup under Peace Treaty, we have pledged some 20,000, 23,000 American peacekeepers there. What would that do your strength in NATO if that comes to pass? How could you still project the most important mission that we have and that is represent the American interests and to win any wars that come along.

I would appreciate your discussing that. Also, if I have time, I would like to ask you about professional military education and joint training. I will appreciate your address to the American troop levels first, sir.

General JOULWAN. Yes, sir. On the commitment of the forces to, say, a peace implementation or a withdrawn from Bosnia and what impact would that have upon EUCOM?

One of the reasons you have forward deployed forces as we did in Desert Shield/Desert Storm was to commit them. We did that and we took nearly 100,000 at that time out of the 314,000 and committed them to Desert Shield; 30,000 from my Fifth Corps.

It will be a similar sort of commitment for a different type of mission, but a mission. Let me be very clear. As a forward deployed CINC, I say missions are missions, operations are operations. I do not put them in these categories. I think the soldier needs to understand that he is going on a mission.

I do not want him to think well because it is an operation other than war or peace support that, that switch goes off. He maintains his discipline, his training, his alertness. That is how we do it in EUCOM.

When he goes to Bosnia, he is going on a mission. He does his mission essential task list and he trains up to that. I have watched some of that training. It is very disciplined. It is very good and it is very much related to what they would do elsewhere.

That would lead the force. We would have about half of our force committed to that, of the ground force. If we have to rotate that

force, we would need some assistance, probably from the CONUS base. That is what you have a forward deployed force to be prepared to do. What impact would it have on a major regional contingency? I think that needs to be taken into consideration.

If that division was earmarked for MRC East or West, then I think you would have what I think we need to come to grips with and that is risk. In all of these operations you have to consider what the risk is. What is prudent risk and what is unacceptable risk?

We would have to say, does pulling it out of Bosnia at that critical time of an MRC, is that do-able? Is that acceptable risk. That is the balance that you need. I really think we can support the first increment if we have to.

I would like to say it again. No decision has been made. I have not been given any instruction to do that. We are just doing prudent planning.

The CHAIRMAN. I thank the gentleman. General, while you are right there, Mr. Skelton raised a good point. You said you sent 100,000 troops to the gulf during that operation, but you had 300,000 to draw from. Could we do that again?

General JOULWAN. To the gulf? Not from Europe. I think though that we have learned a lot in the last 5 years. I think it is important that we become, as we get smaller, more capable. The idea of how we deploy; what we do with logistics bases. Most importantly, how do we leverage our allies? What needs to be taken into account on all of this, that if we go into Bosnia, what is not well-known is that I sent out a letter to all of the nations of the alliance. Fifteen of the 16 nations, Iceland doesn't have an armed forces, replied that they would also provide forces. It would have to be approved by their parliament or national assembly, but we are leveraging our allies. We are doing this with our allies.

Their force level will be higher than ours in the aggregate. If we have to do it, we are going to do it with our allies. Sixty-five percent of the aircraft in Deny Flight of the 200 are allies. Eighty-five percent of the ships in Sharp Guard, the embargo, are allies.

This idea of burden sharing, we are doing it with our allies. That is why the North Atlantic Treaty Organization, NATO, I think is as relevant today as it was in the past. We are working this together. We can work with our new partners so we can get their troops up to standards, procedures and doctrine and also work with us.

As I said, in Croatia today, there is a Belgian battalion, what they call UMPA East next to a Russian battalion. There is a Czech battalion committed. There is a Polish battalion. There are Ukrainian battalions. How do we get them to the right standards? How do we leverage our allies in this equation so we are not in it by ourselves.

That is what the forward deployed force does for you. Yes, we will be committed, and a large number of them committed, but they will not be alone.

The CHAIRMAN. That is fine. If we have those allies, and we hope they will be there when the time comes. We still have two major regional contingencies that we have got to look out for. I might not

have any allies go it alone. Where is he going to come from with our drawn forces. That is a problem I am always concerned about.

Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman. We are so glad to have you with us today, General. My question takes a little different tact than has been taken here. I have a couple of them for you.

With your U.S. Forces that are on the ground substantially downsizing, I would like to know how critical is it to you to have forward Navy presence deployed in the Mediterranean? At present, there are an insufficient number of U.S. aircraft carriers available to maintain a constant presence in the Mediterranean, in the Indian Ocean, Persian Gulf, and in the Pacific at the same time. Has this impacted your operations or raised concerns about your ability to meet emergent threats? Related to that, to what extent does the pre-positioning of U.S. equipment overseas, either ashore or on ships, help you to meet our needs? Do we need to step up those pre-positioning efforts and if so, where?

To what extent might providing for pre-positioned expeditionary Air Forces aide us in meeting emergent needs in the Med or elsewhere in EUCOM especially if we do not have carriers immediately available. I know that is a lot of questioning there.

General JOULWAN. Yes, ma'am. We are wrestling with all of those questions. The forward Naval presence and we have about a 10,000 force, Naval Force, particularly around Naples. What that helps with is when the carrier battle groups deploy, this is the ground force that really receives them, takes them, and allows the sustainment of that force.

Absolutely vital in the Mediterranean; we are looking at an area of interest now that isn't just NATO, but also an area of interest for the United States; that includes North Africa and the Middle East. The Mediterranean is vital for a communications link.

The Suez Canal is there for our interest in the CENTCOM region, in Saudi Arabia and Kuwait. All of that is of strategic importance to the United States. Naval Forces are important. I am concerned about when we do not have a carrier on station. We try to offset it with some land-based air.

The flexibility given by carrier battle groups in these different multitudes of lesser regional contingencies I have, the flexibility of that force is something that is to me absolutely vital in order to not only project power, but also to be able to protect American lives. As I said, we have forces in the former Yugoslav Republic of Macedonia. We have air and Naval Forces in the Adriatic. When I have to be a supporting CINC to CENTCOM and Somalia, we are able to share that force. It is great flexibility and capability. That is what you need. As we draw down the force, you need that flexibility.

They are vital for what we are trying to do. I guess every Saint never gets everything that you need, but that is when I talk about risk. Then I need to come up on the net, so to speak, with my military and political authorities when it is unacceptable risk and not just prudent risk.

Mrs. FOWLER. To followup with my question too on the pre-positioning and your thinking on that.

General JOULWAN. Pre-positioning is important. We are looking at that very closely, both afloat and ashore. In my theater we are looking at how to bring in—as was mentioned, we have two brigades in each division rather than three.

Of the two divisions, we are minus two brigades, one in each division. What we have done is POMCUS or pre-positioned their equipment forward. If they had to join their division, we would probably just have to move the troops and a few minor equipment.

That gives us great creditability. It demonstrates U.S. commitment and resolve. It gives us a multiplier when we need it. One of the areas that I am looking at and we are trying to get some NATO funding is in the Italy area for pre-positioning. That will give us an option to bring in forces into the southern region.

The CHAIRMAN. Gentlemen, we have got to break for this—we have got a vote to the Members, the rule on private property rights. We will break and come right back.

[Recess.]

The CHAIRMAN. We will begin with the gentleman from Virginia, Mr. Sisisky.

Mr. SISISKY. Thank you, Mr. Chairman. Welcome, General Joulwan. It is always good to see you, particularly in Washington. I see you so much overseas that it is always good to see you.

You elaborated somewhat on forward deployment. There is almost every year, and it has not started here this year, I am sure it will happen. About our forces in Europe, I have always contended and told my colleagues that our service people in Europe are there for our convenience, not so much for the Europeans convenience.

There is a misinterpretation. I would like for you just to elaborate a little bit. What would really happen to Europe, as you see it, if we withdrew our forces in Europe and head back to CONUS?

I also would like for you to elaborate as to what you see, and this is not a political thing, I have got a lot of questions that may be political, but what you see on the unilateral lifting of the embargo around Yugoslavia? How important is that to our allies, the 23,000 troops on the ground there? What do you see it would mean to them?

I also want to ask you a question that obviously is going to happen in Congress. Congress is looking to make budget cuts. There is talk of significant reductions in the foreign aide account. Some have recommended the cutting of as much as 50 percent of the foreign aide budget over the next few years. I would like to know what your assessment is of security assistance? How does foreign aide promote our national security interest in any way that you may realize right now? I think that is enough.

General JOULWAN. Yes, sir. Let me try to answer all three of those. First of all, I would totally agree that we are in Europe because it is in the vital interest of the United States and not as a favor to Europeans.

I said in my opening statement that twice in this century we have had a world war in Europe. The United States was late in getting involved. Therefore, it was very difficult to influence events to try to prevent a conflict.

I think that our presence there for 50 years as part of NATO, and NATO is a transatlantic alliance, that means it is just not Europe, it is also North America; Canada and the United States. If we would withdraw our forces from Europe, first of all, I think we would destroy the transatlantic alliance which has kept the peace in Europe now for 50 years which is the longest period of peace in hundreds and centuries in Europe. We would lose this influence that we have to do this next step which I think is absolutely important for true peace and stability. That is what is going on in Eastern and Central Europe.

Our forward deployed force gives us that influence within the alliance. Plus it allows us to have the agility to react elsewhere in our areas of interest; whether that be in Saudi Arabia, in Kuwait, in Africa, or elsewhere. A forward deployed force gives you access to bases and access to allies which I think are very important.

On the issue of unilateral lift, I would say that I am against that. Again, it is a political question, from my vantage point, a unilateral would create undue risk for our allies on the ground in Bosnia.

I told you about 23,000 of our NATO allies are on the ground. I think all of that needs to be considered and what that will do to the alliance. This great organization that has kept the peace and stability in Europe for 50 years and has a mission to do the same for the next 50 years.

How do we play an active role in that? How do we consult with our allies rather than having a unilateral lift of an embargo? The other thing that I think it would do, which is a concern to me, it may broaden conflict. We no longer could contain it. I think containment of what is occurring in Bosnia I think is very important.

For all of those reasons, I hope we would really seriously consider whether we would unilaterally lift this embargo. For all of those reasons, I am concerned as your forward deployed guy over there in Europe.

On the importance of foreign aide; I think it really is an investment in many cases as I have seen it around the world, but particularly in my area of Europe, particularly Eastern and Central Europe, and the Middle East and in that portion of Africa that I am responsible for.

It is an investment in how we can assist nations to progress toward democracy and have some influence with those countries as they progress toward democracy. IMET, which is another part of that which is the International Military Training and Education, is a very low cost high payoff program to instill our values and ideals in future military leaders of those countries.

So, I really think we get a lot from foreign aide. I would hope that would continue as well.

The CHAIRMAN. Gentlemen, I am glad you mentioned that. IMET is a very important thing. I have just in the recent days talked to a number of people from foreign countries. Many of their officers have attended our schools in this country because of IMET.

As a matter of fact in Thailand, I think just about all of the officers in that whole country have been here at one time or another. Just yesterday, he was talking to me about Romania. He is real anxious to get involved more in this Partnership For Peace that you mentioned and those kinds of things. The Marshall Center you

mentioned earlier today too. I was just visiting there last year. That is a very valuable asset we have I think.

General JOULWAN. Mr. Chairman, if I could just give you one example that has me excited. Where I said in my opening statement, we have gone from theory to practice. Just a few months ago I was in the Czech Republic, where we tried to put this engagement strategy to work.

They are standing up something called an Immediate Reaction Brigade, which is patterned right after NATO's Ace Rapid Reaction Corps. This brigade in the Czech Republic is structured very similar to what we would see in the East.

Their officers and many of their noncommissioned officers are now learning English. At the end, a brigade commander came up to me, the Czech brigade commander of this rapid reaction reported to me he said, I am Colonel so-and-so, Army war college graduate from Carlyle, PA, class of 1994.

That is the synchronization of all of this as I see it as a CINC. How do we take what you have given me in the way of assets and try to carry out this strategy? It isn't just peace parts. It is how it all fits together. We see it now coming together. This creates the conditions that I think we can hope to create in Europe to create peace and stability with progress toward democracy to consolidate on the objective; to consolidate the gains made of 40 years of effort in Europe during the cold war. That is what has me excited. That is where this committee, sir, has been very supportive and I truly do appreciate that.

The CHAIRMAN. Thank you. I agree with you 100 percent. Mr. Lewis, the gentleman from Kentucky.

Mr. LEWIS. General, I was just reading here that Major General Don Holder said that everything is in bounds, nothing is beyond possibility. We can't really specialize like we used to with all of the tensions that are in that area of the world. One of our NATO allies, Turkey, is facing some tensions with religion and ethnic problems.

This seems to be pervasive throughout the region. How can we be prepared to meet all of the challenges that these particular things bring to the forefront? How can we be ready to meet those challenges?

General JOULWAN. That is a very good question, sir. We are trying to wrestle with that. That is a part of my job. What I need to do is take these dispirit missions and can I put them together in a way that makes some sense to the troops.

For example, I have talked about article 5 which is the article 5 provision of NATO, an attack upon one is an attack upon all. If we can use Partnership for Peace as an engagement strategy to create mutual trust and confidence with former adversaries, does that reduce the likelihood of an article 5?

I think the answer is yes. There is another initiative which was also made by the United States by President Clinton at the last summit which said, how do we adapt the force structure called combined joint task forces where we would work within NATO and also our partners to react to contingencies or crisis before they become conflict?

We are doing that. There is another initiative called counter proliferation. In other words, to be able to counter proliferate before

it threatens where we are going to war. I am trying to put all of those together in a mission statement that we could train to.

What I have said simply to the troops and General Holder is one of them, we are trying to figure out how we design this, it is sort of like an outreach where NATO and U.S. forces in Europe are reaching to former adversaries, and that includes Russia, but I am telling the troops that handshake can be able to come back into a fist and be able to fight.

That is the spectrum that we now face in Europe. For much of the 16 years that I spent in Europe, we were at the high end of the spectrum, not the low end. Now we have responsibility across all of that.

My challenge is to design a training program, provide the guidance and the resources to train to that spectrum. That is what we are about. That is what I hope to do. That is a challenge. So we can go from peace support operations to high intensity and have a training program to do it. I am not quite there yet, but we are working.

Mr. LEWIS. Thank you.

The CHAIRMAN. The gentleman from Texas, Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. General, it is good to have you here. Thank you for your distinguished career. Let me followup on Mr. Sisisky's question. I think the whole issue of the unilateral lifting of the Bosnia arms embargo—and Mr. Bateman has asked a number of witnesses about it.

Let me just give you the remaining 5 minutes to follow up on your comments about how it could possibly broaden the conflict. Perhaps you could give specific scenarios that could happen. Also be specific about how our NATO allies might react to our unilateral lifting.

General JOULWAN. A part of the concern is once you have unilateral lifting, that means it is done without consultation with our allies. That invites other nations to provide assets. We are not sure what those nations may be. They may come from nations that we have some difficulty with that would widen the conflict. How would we respond to that?

I think that would be a very difficult challenge for us and how we would respond to it. I think all of us want tragedy in Bosnia and in the former Yugoslavia to be solved. It is a tragedy. We need to find diplomatic and political methods to do that.

Unilaterally lifting the embargo I think may cause us some additional problems. You can widen the involvement of other nations into this. The other very clear problem is that when that occurs, does it give an incentive to one of the warring factions before any supplies would reach it to conduct some sort of offensive while all of that is going on?

There is some concern there that that may take place. The third piece of that, in the middle of all of that are peacekeepers who are not properly equipped and trained. Now whether we agree whether they should or should not be, the issue is they are not. They are going to be caught in the middle of this. Many of them come from our NATO allies.

All of that needs to be considered and what this potentially could do to fracturing the alliance. I would just make those very clear points on what we need to do.

Mr. EDWARDS. Could I ask you to paint the worst case scenario of what could happen in broadening the conflict? Walk through the steps of that. Croatia gets involved. Serbia gets involved. What happens in Macedonia? At some point Greece and Turkey—explain that. I am not sure many Members of the House understand how a scenario could happen there.

General JOULWAN. A part of the concern is that each warring factions, all have supporters in the wider region. What the concern would be that if there were to be unilateral lift, I think you would have a Croatia that would be involved. There are 12,000 or so U.N. forces that are Croatia that would be put at risk. We are not sure what Serbia would do entering this. It would put I think Macedonia at risk and great concern in both Greece and Turkey, plus other states that would be involved in perhaps providing arms to the warring factions.

What I think we need to do is take the other tag and say, how do we have a diplomatic and political effort to solve the problem? That is what I think is urgently needed. That needs to be done on the world level to be able to solve this tragedy.

I don't think totally relying on military means to do it, whether it is military solution on the ground or providing arms, it is the right answer. This must be solved politically and diplomatically. It takes great leadership to do it.

Mr. EDWARDS. For the time remaining and you might have to be brief, burdensharing from our European allies; popular issue on the floor of the House, not a minute of debate, you can get an overwhelming vote for that. Tell me what actually happens when we pass a burdensharing amendment. Where do the funds actually come out of? What are the ramifications?

General JOULWAN. Very difficult. In fact 72 percent of the funds in burdensharing are provided by our allies. What has to be understood here is much of that goes in what we call investment now rather than infrastructure.

That the burdensharing by our allies right now I mentioned in terms of the NATO lead operations, that the majority of forces are from our allies; not from the United States. We are leveraging that. The concern is that when we bring up this issue of burdensharing, that right now we had for many years 500,000 foreign troops on German soil. That would be like having 500,000 troops in Oregon from other nations. They accepted that and they welcomed those troops. With the maneuvers, the flying and everything else to maintain that readiness for so many years, German people accepted that.

That is a burden. That is sharing a burden. The German Government has spent billions of marks in the last 5 years, billions in Eastern Germany with Russia in trying to get, not only the force out of Russia, but to try to figure out a way to create some stability with the forces going back because it was a very volatile question.

Other nations are doing a great deal in the military cooperation and burdensharing. So, I think we have to be careful in my opinion how we say that. I think there is a great deal of sharing of the bur-

den that is going on, both on the battlefield and in the infrastructure funding and military budgets of the alliance.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. I want to put on the record here, if I might further what you said. I had a conversation not long ago with Mayor Ramol, the son of General Ramol. He was telling me that our forces, the U.S. forces in Germany, have enabled Germany to become a democracy and it has helped in more ways than one could enumerate. They are very supportive.

They look upon us not as an occupying power, but as a partner in helping them to grow and retain the grandeur that their country has enjoyed. I wanted to make that statement right now.

General JOULWAN. Mr. Chairman, if I can tell you when I travel around to these Eastern European countries, and I have been to most of them now and Central European countries including the Ukraine. Yesterday I had a group of Ukrainian parliamentarians at shape. Great respect for the United States of America and what we represent and what this uniform represents. It is just not tanks, ships, and planes, it is values, ideals, and all of that, that the United States represents. That is why I am so excited about this reserve engagement we have with these different countries. Low cost; extremely high payoff.

I hope we can do this in order to build in Europe this consolidation for democracy that is so necessary in the next 10 to 20 years. It is going to be absolutely vital for the security of the United States.

Mr. EDWARDS. Thank you.

The CHAIRMAN. Mr. Torkildsen.

Mr. TORKILDSEN. Thank you, Mr. Chairman, General Joulwan, I appreciate your testimony today. I actually want to follow-up on the same line of questioning. To me it is extremely important that the real argument get out there about what our role is in Europe and to what extent burdensharing is actually burdensharing.

I appreciate the figure of 72 percent you said of funds are provided by our allies. Given that our troops stationed in Europe cover far more than Europe, I do not know if you can estimate this, but would you say that that's commensurate with their mission?

For example, I know that the bulk of troops in Europe did go to the Mideast when Desert Shield and Desert Storm arrived. I don't know if it is really fair to say that burdensharing requires Europe to pay for the role our forces played in the Middle East.

I know that some countries did donate directly to that. Could you give us an estimate, perhaps, of the area that those troops are covering; both within Europe and outside of Europe.

General JOULWAN. Let me, if I can answer it this way. I just visited our troops in the former Yugoslavian Republic of Macedonia in January. They have chest-deep snow in some of those mountains.

I got on up there and the captain reported to me in one of the outposts, he is from the 35 Calvary. I have been in Europe on so many different tours, the 35 Calvary was a battalion under my command when I commanded the Third Armor Division and later the 5th Corps. In the last 5 years, the 35 Calvary has been what we called the general defense plant that we had before the collapse

of the Wall. It had a general defense plan which is a high end mission.

It then went to Desert Shield and Desert Storm. It then went on a Partnership for Peace exercise in Poland at the low end of the spectrum. Portions of it went to Rwanda and now they are in Macedonia.

That, to me, is the challenge of the spectrum of missions that we are going to have to figure out how do we train to. All of that is readiness to me. Missions are missions and operations are operations. Having that forward deployed footprint allows you the flexibility, and not only that, with our Air Forces we're able to use forward deployed bases which were absolutely critical.

I opened up an air-node in Frankfurt to be able to support the operation in Rwanda. I had an alternate one in Marone in Spain. It is this sort of networking that gives us great agility and flexibility. So, our allies allow us to do that. Being part of the alliance allows us to do that.

I might add, in Rwanda I moved elements from 12 other nations into Rwanda. That is part of the burdensharing; 650 Brits, Norwegians, French, et cetera. I think the forward deployed force lets you do that. We have a diversity of missions. I think it is a great investment by the United States.

Mr. TORKILDSEN. Following up with that, the amendment that often times Members are asked to vote on, on the floor would require 100-percent contribution from our European allies, even though 100 percent of our forces in Europe are not committed solely to Europe-based potential missions.

It says that if our European allies do not pickup 100 percent of the cost, then all troops would have to be removed from Europe. Fifty percent of those troops would be deactivated or decommissioned. The other 50 percent would go stateside.

Could you just talk a little bit about what problems you would foresee if that ever happened?

General JOULWAN. Well, I think again it is a signal we give. I am just a simple soldier speaking here. As I said at the very beginning, we are in Europe because it is in our vital interest to be in Europe. If it isn't, Congressman, I say pull the plug and get them out.

I think it is in our vital interest to be there. I think to do that, we are a vital member of the alliance. We have got to pay our fair share. That includes troops as well as infrastructure funding, as well as the military budget as a vital member, as a leader of this alliance.

That is how I would answer your question in that it is in our vital interest to be there. We have gone to war twice in this century because we were not involved. We have deterred and prevented that war for the last 50 years.

There is still a great deal of uncertainty and instability. What we need to do is take the next step; get into the next phase. It is at much lower costs, but very high payoff on where we can go. We have to consolidate on the objective.

Mr. TORKILDSEN. Just for a final question. If I could ask you to walk through. Let's say we did not have any troops in Europe at

all. We faced a similar crisis as we did when we prepared for Desert Shield.

What would you see would be the additional cost and the time factor and the additional risk if we had no troops at all in Europe to convey to the Middle East? They all had to come from the United States or other parts of the world.

General JOULWAN. You would have a time delay in all of that, plus the access to bases would be a real serious problem I think. The other part of that is we would have difficulty leveraging our allies to participate with us.

I think leveraging our allies—remember now, we are not the same force we were in 1990. We are down much lower than that. I think that the idea is how would we do multinational operations? How do we leverage and work with our allies in multinational operations?

That to me is the requirement for the future. We have, for example, if I could just give you an example. We have organized in the Central Region, the German Corps and the American Corps have now each swapped a division. So we have a multinational corps; one German and one American.

Multinationalism is now going through all of Europe. This lets us then develop allies that will work with us when we have to go into other areas as well as in New York.

Mr. TORKILDSEN. Thank you, general.

The CHAIRMAN. I thank the gentleman. The gentleman from Rhode Island, Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman. Thank you, General. I just want to say how impressed I am with your sensitivity to the post-cold war world that we are living in and I think you addressed this in your testimony earlier in response to some of the questions, but I would ask you just to highlight it a little more.

With our obligations under the United Nations and NATO, particularly NATO, we are obligated to defend our fellow allies. You point out that we need to be in a posture to help prevent war. This is very important because our whole mission here is to save lives from being lost, whether that comes in the event of war.

What we often loose is the perspective that if preventing the war from ever happening in the beginning, we save lives. I ask you to talk about that; operations other than war that you have commented on in articles that you have written before in keeping stability by these exercises like the International Military Educational and Training, and those kinds of things.

General JOULWAN. Yes, sir. I appreciate that. One of the things that we are trying to do, and that is what is so useful where the alliance is coming from. This concept of combined joint task forces, for example, is very interesting.

I do not have all of the political guidance yet from the North Atlantic Council yet, but we are working this where we can take elements, headquarters, for example out of this integrated structure. I must tell you, if I had time to explain this. It is something to behold.

It is what Eisenhower developed for the Normandy invasion. When he came back in 1951, he put this integrated structure—so we have officers in my headquarters from 14 of the 16 nations.

France is there in an observer status, all integrated. We would take this headquarters and make it available to something like the WEU or some other organization and let it be used in peacekeeping operations to try to give it the highest possibility for success.

The alliance is now working that issue. If that passes and gets through, which I think it will, this is another way of adapting our structure to do just what you are talking about. To respond to crisis before they become conflicts. I think we are learning. The Alliance has learned from Bosnia that it needs to do that.

If we get this right, partners that we are working with now in this Partnership for Peace could contribute forces to this. They would be trained to our standards and procedures and doctrine which is what I just said about the Czech republic.

So, we create a force that is multinational in nature; much more than beyond the alliance even, to be able to respond to a crisis. There is great not only military weight to that, but political weight.

I think that will go a long way to getting political impetus to get political and diplomatic initiatives to solve the crisis before it becomes a conflict. So, the alliance is doing some amazing things. I think some very important things. We need to stay engaged, the United States does in this alliance. It is as relevant today as it was in the past.

Mr. KENNEDY. Thank you.

The CHAIRMAN. I thank the gentleman. Mr. Talent.

Mr. TALENT. I thank the chairman. I want to add to what the other members have said about how impressed I am about the range of your knowledge. Reading your testimony and listening to you, General, impresses upon me again the fact that you described yourself as a simple soldier before and I appreciate it.

The irony of that obviously you are a whole lot of things packaged into one; a diplomat, a soldier, in a way a politician. Don't take that as an insult. I want to return a little bit—and I certainly agree with everything you are saying about the importance about being engaged both to prevent conflict, as Mr. Kennedy said, and also to be able to deal with it when it rises.

Let me return a little bit to the subject Mr. Skelton explored earlier. You have been talking about flexibility and capability. The two are linked.

I want to explore maybe some of the limits on your flexibility and capability that you are having to deal with, imposed by the draw down and the number of forces you have at your disposal; also, by the cuts in modernization.

You have talked about some of the different missions that your people are engaged in. Your testimony gives us a list of the places that the forces under your command; the humanitarian; crisis response; peacekeeping; security operations; none of these are the same thing. In fact they are very different from what you also described as your most important function, when necessary, which is fighting a war.

Isn't it true that if you have 7,000 troops in the gulf in a crisis response—maybe that's a bad example—2,000 troops in Rwanda in humanitarian forces, for all intent and purposes you really cannot count those forces as being available to contribute to a Desert Storm/Desert Shield kind of operation. For the purposes of your

planning, really those forces just have to be counted as not available, at least in anything like the near term. That's my first question.

General JOULWAN. Let me answer it this way. It gets back to how a CINC operates. There is no hand-wringing when it comes to a mission you are given. You have to give clear military advice. You do what I call mission analysis.

You take the forces available and you try to say what are the risks. I keep coming back to risk assessment because I don't think we talk enough about that here. When you have 2,000 forces committed in Rwanda like I had, which was a footprint be put on Central Africa, what happens if there is a major regional contingency somewhere? You have risk. The issue isn't one that they can't get there. It is time to get there. So the flow of that force may be late. It may have to go back, get its gear, retrain someone. So you are dealing with a risk of time.

That has to be factored in. I would hope that we would not be reluctant to respond to an emergency where we were needed because we wanted to husband everything for some contingency that may happen.

Mr. TALENT. Let's get down to the point. I really appreciate your response, General. It is the same point that General Vuono made in testimony to Mr. Skelton's subcommittee a year and a half ago. It was very enlightening to me.

We are talking about risk here. If we have to move those troops quickly from Rwanda to the gulf, we don't have the time to take all the time we would like to go back and get them reequipped and retrained. The equipment and training they need for humanitarian purposes in Rwanda is very different from what they are going to need in a war situation.

We are putting those soldiers further out on the spectrum of risk than you would like to put them or I would like to put them. That means that more of them are not going to come back or at least are more likely not to come back than we would like. Isn't that the case?

General JOULWAN. Well, you used a great example of Rwanda. Let me tell you that the forces I chose, just for that reason, were doing exactly, exactly the same mission they would do in Desert Storm. You see, what I did and this is why I said in my testimony that we could learn from this.

I took below the line forces, not the 10th Mountain Division, not combat forces. I took what was needed; water purification units, engineers, medics, military police. In fact, they were getting excellent training. They were getting C-1 training in Rwanda.

If they had to deploy, to use your example, if they had to deploy to the gulf, they would be more combat ready than any other force in Europe.

Mr. TALENT. I appreciate your training. I think you can minimize the risk as much as possible through intelligent planning. I think the general point is still a good one. I don't read you as disagreeing with me that you do drop below a certain point in a number; that you do go further out in the spectrum of risk than you might like to go.

General JOULWAN. You do, but I think it is important to also say that part of our training is, how do you get to the fight? The fact that they have been through deployment training—let me tell you, the biggest challenge we have is how do you get the force there?

If you would look at the lessons learned of Desert Shield and Desert Storm, particularly Desert Shield, it was how do you package the force to get there? So anytime you have a deployment of a force, it is good training.

I would agree with you, certain portions if you took an armored force into Rwanda, there would be some degradation before it can do its mission if it had to deploy. What I think we have to be smart about, many of these contingencies don't require those sort of forces. You need military police rather than infantry, armor or artillery men.

Mr. SKELTON. Would the gentleman yield very briefly?

Mr. TALENT. I would be happy to yield.

Mr. SKELTON. General, did you not have an infantry brigade in Rwanda out of Vinchenza?

General JOULWAN. We had a battalion which was an airborne battalion. I spoke to the commander who was going. I asked him about his mission essential task list. I said, what was the deviation from this of what you would do for other missions?

He said, it correlated very well with the training that he needed. He was setting up in terms of a protective mode of force protection and that is one of his missions. There was training with regard. He wasn't jumping out of aircraft, but he was doing on the ground training that was related.

I would tell you, that is the sort of analysis we need to do. We need to be up front and clear when there is a degradation there. I don't think there is a total degradation is the point I am trying to make. That is why it is very important that we select the force correctly to do the job.

Mr. TALENT. I agree that you can plan against it, but you don't always know what that major regional contingency is going to be by the time you are sending the troops in for peacekeeping, humanitarian, or whatever so that there is a limit of how much you can preselect and guard against it.

I see I am unfortunately out of time. My second point will have to wait for another day. I thank you, General.

The CHAIRMAN. I thank the gentleman. Mr. Evans, the gentleman from Illinois.

Mr. EVANS. Thank you, Mr. Chairman. General, it is my understanding that there are three countries that will be slated or are slated at this point in your theater of operations for humanitarian demining projects; Chad, Namibia, and Rwanda.

Can you give us some assessment of the land mine problem in Africa and how useful these programs might be in helping remove these weapons as well as what benefits our forces may receive with this program?

General JOULWAN. We have been making assessments in all three countries. We think it is a real problem. It is a mission that we have been given to try to help. I have tried to get clarity in that mission to make sure that what we are doing is training other people to do it and helping them make that assessment.

I think we have to make clear that that's what our forces are doing; are training other nations' forces to do the mine clearing, et cetera. Given the numbers of these that have been spread in many of the countries, you mentioned three of them. There are many more.

This is excellent training also for the trainers that are going through this. They are getting excellent training out of it. We have been directed to do it. So far, it has been received extremely well in all three countries.

The CHAIRMAN. Mr. Bateman, the chairman of our Readiness Subcommittee.

Mr. BATEMAN. Thank you very much, Mr. Chairman. General, a very hardy welcome to the committee. Let me preface my questions and comments by saying that I find the way you are responding to the questions of the committee today is in my mind, actually kind of inspiring. Also, I want to say that I am very proud of the Members of the committee for the quality of the questions that they have been posing to the general today. With that said, I want to comment on one aspect, not in disagreement with your answer with reference to the unilateral lift of the arms embargo on the Bosnians.

You said if we do it without consultation with our allies; I don't disagree that that fairs very negatively, actually, I suspect it is even more negative because we have had lots of consultation with our allies. Our allies are very hard over in opposition to this policy.

I think we need to make sure as we in the Congress try to affect the policy in this area, that we do it fully aware of the short-term and even long-term implications for the alliance if it be done.

Having said that, you made reference to your 35 Calvary. Was that the proper term? I'll bet you found the morale of those troops exceedingly high; just as I find the morale of the 7th transportation group that are headquartered in my district extremely high. Notwithstanding the fact that they have spent considerably more time deployed hither, there and beyond, one deployment after another, almost without interruption for a matter of 2 or more years.

Their morale terribly high; wonderfully high. I think we have to face the prospect that if we are going to be charging certain units more and more often over longer and longer periods of time, we are going to wear them out, notwithstanding how exhilarated they may feel at the importance of what they do and how well they are performing it.

They still have got wives and children back home from whom they will feel the pressures of this kind of a Personnel TEMPO and OPTEMPO. So as my chairman of the full committee indicates, as chairman of the Readiness Subcommittee, I think we have to be very wary of whether or not we are wearing out certain crack forces.

The next thing I want to ask about, and I would appreciate it if you could do this for the record. As we hear the Secretary of Defense and the Chairman of the Joint Chiefs and others telling us that to the extent that we have currently any meaningful readiness problems, that they are an aberration of unforeseen contingencies at having to utilize funds to take care of those that were originally adequately programmed for readiness, O&M and such things.

The necessity of diverting funds from the originally programmed purposes has caused some blips in readiness. I am very interested in this problem as to how we, in the Congress, can address it systematically. We are going to have unforeseen consequences or unforeseen contingencies.

What I would like for you to tell me is, when you are tasked with, say, your mission in the Adriatic and in the former Yugoslavia, they are your forces, subject to your command, when you get that task, who tells you how to pay for it?

Is this something where you at your headquarters sit and determine, well we had planned on using this pot of money for this purpose but now we have got this task that I am required to discharge. So, I am going to take the money from here and put it into funding this operation.

Is someone back at the Comptroller of the DOD or somewhere saying, you have been tasked to do this. We realize you have got some problems in how you are going to pay for it or fund it, and we have identified this amount of money. We have transferred it to your account in order to take care of it.

I want to know the mechanics of how, in terms of fiscal management of your budget, the moneys allocated to you and your command, these things are dealt with.

If you could get back to me for the record on those questions, it would be very helpful to me.

General JOULWAN. I will, sir. They are excellent questions. I must tell you, on that first one you asked, we are not sitting on our thumbs on that one. I have put out all of components, Army, Navy and Air Force, because I agree with you that the troops, they are sky high in terms of their morale.

That is why I am very concerned that we provide the minimum adequate support for their families. We are doing something now across the command that I call, how do we control PERSTEMPO, the point I talked about before. How long personnel are out? I told you about the A-10 unit that I have been tracking; 210 days or something out of the last year.

I am putting a limit. I am going to say for example the Navy has a 6-month deployment of about 180 days. I am looking at about the same, between 120 and 180 days for the Air Force and the Army. Then I want to say if it goes beyond that and we break PERSTEMPO, then the commanders need to be involved.

That is where the Reserve come in. I cannot tell you how pleased I am with the response, particularly of the Air Guard of offsetting some of these deployments. We have got fliers in Turkey flying over Northern Iraq. We have got them flying into Serajevo on Provide Promise. We have got them flying in Deny Flight, the air cap over Bosnia.

Some of it is offensive in nature in terms of trying to protect the air. Others are humanitarian flying C-130's. Others are no-fly zone enforcement. So, it is a mixture. We are going to put these limits on and see how we can go. I think that will help us regulate the time a very high morale Soldier, Sailor, Airman, and Marine is away.

On the last one, on unforeseen on these contingencies, I get an execute order from the President of the United States. We are

going to execute. Normally, there is a line in there that says, keep track of your expenditures. Which says to me, I am going to get it back at some point.

I don't know where I am going to get it back from, but from some pot of money somewhere, I am going to get it back. It is when I get it back that is important. So, I don't get it back at the end of September where I am out of the training time that I need to make up.

Mr. BATEMAN. Mr. Chairman, if I might be indulged just for one very quick question.

The CHAIRMAN. Yes. I would be interested too to know what pot do you go to and to even make that decision, that is what you were talking about, I think, to get this money in the meantime.

General JOULWAN. Let me lay that out for you if I can. Where it normally comes from, you take it out of your O&M funds and then you take risks later on in the fourth quarter.

Mr. BATEMAN. General, I do not want to be burdensome to you or to your staff, but it would be inordinately helpful to us in our oversight responsibilities if you would take from the real world of tasking that you have been given what its fiscal implications were.

Sure, it comes out of O&M, but what part of O&M do you go to first; the degree of discretion that you have got and whether or not if you are going to be tasked to do these things, as certainly you will be, and you have got to execute, is there a better system than just saying, go do it, keep tab of your expenses and sometime from somewhere you are going to get your money back? These are the kinds of things we need to be able to deal with based upon very good data.

General JOULWAN. Again, I am a simple soldier. I have some recommendations on where to do that, but I would think it would be useful to have some contingency funds somewhere that you can draw from that you can get immediate reimbursement for all of that so you don't take it out of quality of life or some other pot in order to carry out the mission.

If you can do that, I think that would prevent this turbulence that we have in our readiness. I think that will be very useful for the forward deployed commander. Now, that is—I am looking at it from my bunker over in Europe. I think it will be very useful for the command to do that.

Mr. BATEMAN. Mr. Chairman, one last question and then I will ask the General just to provide the information for the record.

We have now a U.S. Atlantic Command. What triggers this question is your making reference to your selection of the forces to accomplish a mission you were tasked with. One of the things that I understand in a very vague kind of way about the U.S. Atlantic Command is that they are packagers for forces to fulfill mission requirements.

Could you give me for the record your insights as to how the mission and function of the U.S. Atlantic Command fits in with your role as a CINC?

General JOULWAN. They are a force provider, sir. They provide the force. I task organize the force. I request what we need. They provide it. I am the guy who task organizes it for whatever mission it is assigned.

What their primary purpose is that I think is extremely important is to try to do some joint and combined training back here before the force comes over. That, to me, is a very key function. But as far as the task organization of the force, that is the forward deployed commander's job.

Mr. BATEMAN. Thank you.

The CHAIRMAN. The gentlelady from California who has been waiting patiently.

Ms. HARMON. Thank you, Mr. Chairman. Welcome, general. I was just thinking as we had this recent conversation about PERSTEMPO that perhaps this committee on a unanimous bipartisan basis might send a message to our leadership that the PERSTEMPO of this, this first 100 days, is wearing out the troops.

The CHAIRMAN. Point well taken.

Ms. HARMON. Moving along. General, I think the conversation with Mr. Bateman, among you, the chairman and Mr. Dellums and others about this balance between readiness and operations other than war, it is more than peacekeeping. It has been absolutely fascinating.

I would note that you just commented about the need for some sort of contingency fund to take care of some of this stuff that comes up unexpectedly. That is really what I would like to talk to you about a little further.

As you know, the history of funding some of this has been that we would seek supplementals which would not be offset by other expenditures because these were events that came up out of the ordinary and to offset them would require cutting into readiness.

We just had an experience about a week ago where we did offset a supplemental with cuts. I supported the concept, although it pained me since some of the cuts were programs I care a great deal about like the TRP program.

Nonetheless, going forward in a peaceful world, one would hope, an increasingly peaceful world, I would just like to ask you one more time about this contingency fund and whether you think that perhaps we are ill-advised to be making these tradeoffs as we are now starting to do?

General JOULWAN. That is very difficult for me because what we are looking for is in the sense of readiness to try to get as quickly as we can the funds that we need. That is why I am saying if there can be some sort where you have unfunded missions that you can get, if you have an unfunded mission, that you can get resources for it quickly without going through—unless there is a—if there is a political question of offsets that have to be arrived.

I think many of those programs are very essential for what we need to do in the total force. That is really a political question rather than a military one. What I am really looking for, for the force, is how to get reimbursement as quickly as possible for the contingency that we have.

Ms. HARMON. I appreciate that answer. I would just observe that I think it is also a national security question. I think you are arguing, and your testimony certainly argues, that we should be engaged in some of these activities. We are not talking about any person's political agenda. We are talking about activities worldwide

that prevent the occurrence of war and that deal with enormous unforeseen human tragedies.

I think you are suggesting that we should be engaged in these things. You are also suggesting, and all of us on this committee agree, that we need a ready force. I think if we get ourselves into a situation where we are trading these activities against readiness, everybody loses. I doubt you disagree with that.

General JOULWAN. I agree with that.

Ms. HARMON. One other question on a different subject. Your territory certainly include some key states in the Middle East. We have had a recent conversation in this committee and will have it in the future about ballistic missile defense; particularly theater ballistic missile defense.

I would just like any observations you have to make about the importance of this; especially with respect to those countries in your jurisdiction.

General JOULWAN. I think that theater missile defense is very important. I might add that it is one of the initiatives. Again, that is why I go back to this alliance. It is one of the initiatives of NATO. The allies are coming to grips with how to do this as an alliance. We could leverage that with our allies; the cost of it; the research and development of it; the development as we go along.

It has applicability of course in the Middle East and elsewhere. One of our concerns is this whole area of proliferation and what happens when some of these states that have state-supported terrorism have access to weapons of mass destruction?

We need to come to grips with that now. Putting forth a comprehensive theater missile defense program where you have not just what we would call interceptors, but the satellites, the command and control, the unattended area vehicles, all of that, that is in the system of systems I think is very, very important. I hope we would get that done in the short term.

Ms. HARMON. My time is up, Mr. Chairman, but I would just like to state for the record that I agree with you. Thank you very much.

The CHAIRMAN. Thank you. The ranking member.

Mr. DELLUMS. I would just like to ask one final question of you. General, in an area that has not been touched upon to date, but it is an area that I am sure will be a subject of scrutiny and debate and that is the Nunn-Lugar initiative. I would like to ask you from your perspective and your experience, what is your perception of Nunn-Lugar? Is it working? Are there benefits? Is it essential?

General JOULWAN. In a brief answer, yes, sir, it is. I am very concerned about, let me be very candid, 20,000 nuclear weapons that still remain in the former Republics of the Soviet Union. Nunn-Lugar I think has gone a long way in dismantling many of those and giving incentives to dismantle.

I would hope that would continue. I believe it is something like 2,000 weapons so far. It, to me, is a program that can have the sort of outcome we want which lowers the number of nuclear weapons that are available; particularly when you have a lot of instability and uncertainty in some of those states. I would support the program.

Mr. DELLUMS. Thank you, sir.

The CHAIRMAN. Mr. Skelton.

Mr. SKELTON. General, thank you very much for your very candid answers. It has been very helpful to all of us. Assume, general, that the supplemental fully pays back your accounts and you are whole in so far as that is concerned, and you had a magic wand, what would you ask of us in this Congress? What are your greatest needs that we could help you or assist you with?

General JOULWAN. The first one is the supplemental must come in the end of this month so I can program it in. Remember what I said. It goes to the question earlier. I pulled funds forward because you programmed for so many miles and so many flying hours over the whole year.

What I have done in order to meet the short-term requirements, I pulled a lot of those flying hours and tank hours forward because of the ongoing missions. I cannot half step into flying over Iraq or flying over Bosnia.

We have got to do that in a very clear way. If I get it early enough, I think I can then offset that fourth-quarter deficit that I am going to have. So, the timing of the supplemental is very important, sir.

The other one has to do with resources and the last one doesn't. On the resource side, I would say that really we need to come to grips with a clear commitment to the forward deployed force and then fund that force and provide the quality of life for our troops and their families. We must come to grips with that. We are 5 years after the collapse of a Wall and an Iron Curtain. We have got other missions over there. Let's make a clear statement that is understood by our allies as well as by our forces.

The third one doesn't cost any money. That is, the demonstration of appreciation to our troops over there as you have always done when you have come over there. Tell them that the Nation is grateful for what they are doing. It doesn't cost a nickel, but I could tell you it means a lot to the forces.

The CHAIRMAN. I thank the gentleman. General, I thank you for your expertise that you have imparted to us this morning. We certainly appreciate it. I do not want to prolong this any longer. We are going to let you get away a lot earlier than we have let some other people.

I just want to raise one other question. We talked about readiness. We have discussed it pretty well this morning. We are talking, I guess, mostly about short-term readiness. We have not gotten into long term. What we have gotten from other witnesses, Chiefs of Staff, so far has been, they always put an up for something enhancements they call it.

We are in pretty good shape right now, but long term is a major concern. Long-term readiness involves modernization, the key to readiness; quality of life, sea lift, airlift; F-22, Comanche; all of these kinds of things that we are going to enter into the picture later on, way out somewhere in the future, which I think we need to deal with now.

Do you have any views on long-term readiness?

General JOULWAN. Yes, sir. You are right. A CINC normally deals with the here and now. Whatever cards he is dealt he plays them. I am concerned in the long term. I think what we need to be able to do is maintain our technological edge. What saves lives

on the battlefield is absolute superb training and leader development of our force. We have the best professional military education program, I think, in the world. That is extremely important.

Then we need to make sure, because modernized high technology equipment, if you don't have the troops that can handle it or the leaders to deploy it, it is just a lot of high technology equipment. We need it in the future; precision guided munitions in particular come to mind and how to put to balance air, sea and land force on the battlefield so you can minimize your casualties, get the job done in a short amount of time.

I think some of the developments in the helicopter, in the Comanche for example; I think as we look to the next generation and to the future, I would hope we would have the best helicopter in the world. I think we need to be able to look at that so we can give our troops the equipment they need to get the job done in the shortest amount of time with the shortest risk to the personnel.

The CHAIRMAN. Again, thank you very much for your contribution and good luck to you as you go forth representing us in Europe.

General JOULWAN. Thank you, Mr. Chairman and the committee. [Whereupon, at 12:05 p.m. the hearing adjourned.]

[The following questions and answers were submitted for the record:]

#### READINESS

Mr. SPENCE. Current planning calls for the deployment of approximately 100,000 personnel stationed ashore in Europe as the minimum necessary to carry out EUCOM's principal mission. Yet, previous CINCs have suggested the appropriate size of the force in Europe should be about 150,000. Given the high pace of peace-keeping and humanitarian missions in the EUCOM AOR, does current force structure planning in Europe adequately account for the increased mission loads?

General JOULWAN. USEUCOM force structure of approximately 100,000 is adequate to meet our current taskings from the National Command Authorities and NATO Alliance commitments while remaining at the Congressionally mandated ceiling. Should USEUCOM receive additional taskings, however, this number may need reconsideration.

USEUCOM force structure "dual bases" two Army brigades and in excess of three Air Force fighter squadrons in the United States. This reduced force structure and dual basing increases the need for enhanced mobility such as the C-17 and other airlift, sealift, and prepositioned equipment ashore and afloat.

In addition to permanently stationed active duty forces in Europe, the Guard and Reserve have been actively supplementing our forces in contingency operations. Guard and Reserve augmentation is essential to minimizing the impact of contingency operations on our reduced force structure.

Mr. SPENCE. Are you adequately resourced to accomplish the needed training to meet the range of mission requirements EUCOM confronts?

General JOULWAN. Yes, provided I receive timely supplemental funding for the many ongoing operations I am currently executing. If this funding is not approved, USEUCOM commanders must pay for operations "out of hide," which will impact readiness and the quality of life for our troops. Timing is also important. If this supplemental is not received in a timely manner, USEUCOM air forces may not be able to fly in the fourth quarter.

Mr. SPENCE. What are the current restrictions on training range access for both ground and air training? What training is not being accomplished and what is the readiness impact? How are training deficiencies being addressed?

General JOULWAN. The Army and Navy training ranges are adequate for most training needs. The biggest problem USEUCOM faces is having adequate air-to-ground ranges for our attack aircraft. For example, the bombing range in Avgo Nisi, Greece, is no longer available for live ordnance or night delivery. Additionally, aircraft participating in Operation PROVIDE COMFORT do not have an air-to-ground ranges available to exercise ordnance deliveries.

USEUCOM is addressing these problems in two ways. First, we are working with our friends and allies to provide greater use of existing ranges, and to allow construction of new ranges. The new air combat maneuvering range at Decimomannu, Italy, is an example of these types of arrangements. The second way USEUCOM addresses this problem is by rotating aircrews out of contingency operations frequently to give them opportunities to train. This allows their use of other ranges as well as opportunities to attend RED FLAG and MAPLE FLAG exercises in the United States. Guard and Reserve units have been essential to rotating active units out more frequently to support training. Last year, elements of U.S. Air Forces Europe deployed personnel at a rate of about 210 days per year. Because of Guard and Reserve augmentation, USEUCOM reduced this rate to about 135 days per year, with a goal of 120 days per year.

Mr. SPENCE. What has been your observation of the readiness of the forces that are being provided to EUCOM?

General JOULWAN. USEUCOM, as the warfighting command, has been working well with our Joint force integrator, the U.S. Atlantic Command, in establishing training requirements. I have been pleased with the quality and level of training of the forces USEUCOM received to augment our permanently stationed forces. This is evident in the outstanding job these men and women have done in executing the many ongoing operations in this theater.

Mr. SPENCE. How do you, as the CINC, measure the readiness of the forces that will be assigned to your command? Are you comfortable that you have an adequate method of assessing the forces that are provided and would you please describe to the committee what this assessment method is?

General JOULWAN. As the warfighting CINC, I measure readiness in several ways. I monitor individual unit's readiness reports which addresses their ability to meet unit level tasking. The USEUCOM and Component headquarters also assess the ability to integrate units into joint operations. This joint readiness report is done through the Joint Monthly Readiness Review and the Quarterly Component Readiness Review. There are also less formal methods which I use to review and address readiness concerns; for example, each month I hold a Component Commanders Conference where we discuss readiness in detail. In addition to monitoring readiness, USEUCOM plays an active role in defining joint requirements within the theater and to the U.S. Atlantic Command, our joint force integrator.

Readiness is being closely monitored in USEUCOM, and in more predictive ways than ever before. I am comfortable with our methods of measuring readiness and with the atmosphere in our command which does not discourage commanders from reporting readiness concerns.

#### IMPACT OF CONTINGENCY OPERATIONS

Mr. SPENCE. How has the recent high level of contingency operations affected your ability to conduct training and joint exercises? How many joint exercises have been canceled over the last five years?

General JOULWAN. Within the European Theater, we have averaged 12 contingency operations per year over the last five years. These contingency operations have impacted our training operations to some degree. We have reduced the scale of some exercises, and rescheduled others that were planned when contingency operations forced us to delay the training event. We have not canceled any joint exercises over the last five years due solely to contingency operations.

Mr. SPENCE. Has the Army been able to supply the needed support personnel to meet the requirements for contingency operations? To what extent have personnel been transferred between units to meet these requirements? How has this affected the readiness of losing units and their training?

General JOULWAN. USEUCOM has limited Army forces committed to contingency operations. Currently, we are tasked to provide reinforced mechanized infantry and support personnel (approx. 530 personnel) to Task Force Able Sentry and one Patriot air defense battalion (approx. 836 personnel) in support of USCENTCOM operations, as well as 39 personnel deployed to smaller operations. U.S. Army Europe is also filling approximately 222 individual billets at various joint task force headquarters and UN headquarters, both in and out of the USEUCOM area of operations. Thus far, we have been able to accomplish these missions with little or no cross leveling between units and a minimum impact on non-deployed units. However, any large scale deployment of forces may require increased support personnel beyond those organic to deploying units.

Mr. SPENCE. Do you have any concerns about the ability of the services to access sufficient numbers of reserve component volunteers to meet the requirements of contingency operations?

General JOULWAN. No. During regional contingencies, the reserve components will continue to provide forces as they have in our ongoing operations. Enhanced readiness brigades, along with contingency force pool combat support and combat service support units will deploy to augment, reinforce and/or support deployed active units. Guard and Reserve forces have been an integral part of Operations DENY FLIGHT, PROVIDE PROMISE and PROVIDE COMFORT II. In fiscal year 1995, eleven states are scheduled to provide Guard and Reserve forces to augment our active duty forces participating in contingency operations.

Mr. SPENCE. What has been the impact of contingency operations on your readiness for major regional conflicts?

General JOULWAN. Contingency operations provide unique training opportunities to our forces that are often overlooked. In contingency operations, EUCOM forces perform real world missions in multinational operations. There are, however, certain warfighting skills that are lost over time due to involvement with these operations. To minimize the impact, USEUCOM rotates Guard and Reserve units with our active duty forces to give them the opportunity to train and maintain readiness.

The amount of readiness we lose in executing contingency operations incurs a greater risk for our forces. The risk is currently at a manageable level.

Mr. SPENCE. What have you identified as the units or capabilities most stressed in meeting operations requirements? What has been the impact on readiness of these units or capabilities to respond to regional conflicts? Are you satisfied that sufficient corrective action is being taken to relieve this situation?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION] USAFE tactical aircrew and maintainers, Air Force Special Operations, Naval Intelligence and Cryptographic personnel, and Air Force communications, services, transportation, defensive air control, security police and postal specialists.

[DELETED—CLASSIFIED INFORMATION.]

Unfunded contingency operations have required our components to divert funds from Operations & Maintenance, Base Operations and Quality of Life accounts. USAFE has \$242 million in unfunded FY95 contingency operations costs. Without supplemental funding USAFE will cease tanker operations in early July 1995 and fighter operations in early August 1995. NAVEUR has a \$4.5 million shortfall for operations in the Adriatic. This shortfall will be alleviated by the timely execution of the FY95 supplemental, and I thank this committee for its support.

To help relieve some of the impact of these contingency operations on readiness, USEUCOM has aggressively used Guard and Reserve units to augment active duty forces. For example, Guard and Reserve units have reduced the days our Air Force aircrews have been deployed from about 210 days per year to about 135 days per year. This gives our forces an opportunity to train as well as participate in major training exercises, such as MAPLE FLAG and RED FLAG in the United States.

Mr. SPENCE. Do you expect the high pace of operations to continue? If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements?

General JOULWAN. The high pace of USEUCOM operations will likely continue. Given these contingency operations continue, they must be funded or we take operations and maintenance funding out of hide. Contingency operations drain these accounts unless they are reimbursed in a timely manner through supplemental funding.

One of the best investments we can make to ensure long-term readiness is to provide our troops an acceptable quality of life. Now that the drawdown is almost over, we must invest in military construction to ensure our people have adequate housing, child care, health care and other facilities to meet their basic needs.

Modernization is another area needed to ensure long-term readiness. While providing equipment is primarily a Service issue, ensuring our troops retain the combat edge which proved so effective in the Gulf War is a DOD responsibility. We must balance the requirements throughout the DOD to ensure we have the right programs across the spectrum of warfighting needs.

Mr. SPENCE. Contingency operations appear to be changing in nature from short-term, in and out operations, to one of semi-permanent status. How does the changing nature of operations other than war (OOTW) affect both short-term and long-term concerns with respect to readiness?

General JOULWAN. Although some operations in USEUCOM seem to be "semi-permanent," there have been some which were not. Rwanda is a recent example of an operation which was executed quickly and effectively—with clear and concise objectives and a well-defined end state and exit strategy. There have also been Non-combatant Evacuation Operations which were very short in duration.

OOTW can be "semi-permanent" and impact short-term readiness if they are not funded in a timely manner. Receiving timely supplemental funding prevents com-

manders from taking these costs "out-of-hide," which adversely affects readiness, training, and the quality of life for our troops.

There are two long-term readiness concerns with these types of operations: maintaining an acceptable quality of life for our troops and the adverse affect on our equipment. If we do not maintain an adequate quality of life for our servicemembers who are executing at this high tempo of operations, then we will not be able to retain our quality people. Additionally, the high tempo of operations is rapidly decreasing the service life of our equipment. Modernization programs will be the key to long-term readiness in this regard.

Mr. SPENCE. What are the principal changes in training and doctrine which have resulted from our recent experience with humanitarian and peacekeeping operations? Based on the experience of EUCOM are there additional changes to training and doctrine which you would recommend?

General JOULWAN. There have been numerous lessons learned over the past few years on humanitarian and peacekeeping operations. We made two changes within USEUCOM following our highly successful humanitarian relief operation in Rwanda, Operation SUPPORT HOPE. We revised and re-emphasized our Joint Task Force (JTF) training program. Under this effort, each USEUCOM component (USAFE, USAREUR, USNAVEUR and SOCEUR) will form and exercise a JTF headquarters each year. This JTF training will improve our readiness to rapidly deploy and conduct joint operations across the conflict spectrum—anywhere in this theater. The second change we made was to include a civil-military operations center (CMOC) in our JTF headquarters. The CMOC proved invaluable during Operation SUPPORT HOPE by coordinating the efforts of numerous private voluntary organizations and non-governmental organizations with military operations.

#### JOINT TRAINING

Mr. SPENCE. Recently, the Joint Chiefs of Staff made significant changes to the training of forces for joint operations by placing greater responsibility for training with the U.S. Atlantic Command. What has been the experience with this concept?

General JOULWAN. The forces provided to us by the U.S. Atlantic Command (USACOM) understand joint operations. USACOM superbly executed the joint operation in Haiti. We look forward to working with them on their upcoming exercise, UNIFIED ENDEAVOR 96-1, this fall. In this exercise, they will simulate sending forces to this theater to conduct a specific USEUCOM operation under my command.

I am impressed with joint and combined warfare training recently conducted by USACOM for JTF 95. The capabilities and responsiveness of the USS Eisenhower adaptive joint force package surpass those of previous experimental versions. We have reached agreement with USACOM regarding the training of dual-based forces—an important milestone toward their true integration with our forward based forces.

To further enhance training interoperability, I conducted a staff exchange between USEUCOM and USACOM. These exchanges will continue to be hosted semi-annually on a reciprocal basis. This is a high payoff process that strengthens and deepens the capabilities of both commands to work in the joint arena.

Mr. SPENCE. What impact has this change (USACOM having more responsibility for joint training) had on your ability to conduct training programs?

General JOULWAN. The overall impact on my ability to conduct joint training within this theater has been minimal. We continue to conduct joint training with the forces forward deployed in this theater, in addition to joint training with forces earmarked for this theater. The forces we receive for rotational deployment and reinforcement continue to be ready and well trained for joint operations.

Mr. SPENCE. What are your views on adaptive force packaging? Do these tailored forces provide you with sufficient capabilities to conduct anticipated military operations?

General JOULWAN. I agree with the need to adapt forces to accomplish anticipated missions; however, I must emphasize that the warfighting CINC must define the requirements for the supporting command. USEUCOM, as the warfighting command, has been working well with our force provider, the U.S. Atlantic Command, in establishing training requirements. I have been pleased with the quality and level of training of the forces USEUCOM has received to augment our permanently stationed forces.

The adaptive joint force package provided to USEUCOM must be robust and responsive to deal with the anticipated mission and the unforeseen contingencies. I need forward deployed forces for Overseas Presence Missions that are prepared for

one of the most difficult tasks they may face—crisis response. Adaptive packaging must remain task oriented and flexible while meeting day to day needs.

#### ARMY NATIONAL GUARD ENHANCED READINESS BRIGADES

Mr. SPENCE. Although 15 enhanced brigades in the Army National Guard are a critical element in current military planning, the Army apparently continues to experience major problems in adjusting its training strategy to meet this need. Are these brigades fully integrated into your contingency planning? Are you comfortable that the readiness levels of these brigades are adequate to be fully integrated into your contingency plans? If not, what improvements are needed?

General JOULWAN. The enhanced brigades (E-Bdes) are apportioned for deliberate planning in major regional contingencies. E-Bdes are also available for planning of a European contingency under existing NATO agreements. The long-term goal of the enhanced readiness brigade concept is to make available for deployment a heavy-light mix of five E-Bdes at 90, 135 and 180 days, respectively, after mobilization.

#### PREPOSITIONING

Mr. SPENCE. As you transition to a deployable force, what is the relevance of land-based POMCUS in Europe? What is the status of its drawdown and have you adapted its configuration to your emerging missions?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]

#### AMMUNITION IN EUROPE

Mr. SPENCE. What is the status of the ammunition retrograde program? How much ammunition is still to be returned to the United States and when will the retrograde program be complete?

General JOULWAN. I am pleased to report USEUCOM's ammunition retrograde program, due to the outstanding support of Congress, is ahead of schedule. We began with a mountain of ammunition totalling more than 817,000 short tons with an estimated completion date in fiscal year 2002. We've retrograded 62% of the total, leaving us approximately 304,000 short tons. Because of the excellent progress with this program, we've rolled the completion date back to fiscal year 1996.

#### PARTNERSHIP FOR PEACE/NATO EXPANSION

Mr. SPENCE. How many exercises involving former members of the Warsaw Pact have been conducted under the Partnership for Peace program? What were the principal results from those exercises?

General JOULWAN. There were four exercises conducted with former members of the Warsaw Pact under the Partnership for Peace (PfP) Program or "in the Spirit of PfP." They were:

COOPERATIVE BRIDGE '94, a Peacekeeping field training exercise, was conducted from 9–17 Sep 94, in the Biedrusko Training Area, near Poznan, Poland. Poland, Bulgaria, the Czech Republic, Lithuania, Slovakia, Romania and the Ukraine participated with the U.S. and five other NATO nations.

COOPERATIVE SPIRIT '94, a Peacekeeping field training exercise, was conducted from 22–27 Oct 94, at the Harskamp Training Area in the northern Netherlands. The Czech Republic, Estonia, Lithuania, Poland, Slovakia, Sweden and the Ukraine participated with the U.S. and four other NATO nations.

U.S.-ALBANIAN SAREX ("in the Spirit of PfP"), an over land and water search and rescue exercise, was conducted along the coast near Tirana from 27–31 Jan. 95. One U.S. ship and an MEU element participated with Albanian naval and land units.

MEDCEUR 95-1 ("in the Spirit of PfP"), a medical and civic assistance exercise, was conducted from 12–22 Mar 95 in Albania. USEUCOM and host nation medical teams provided medical care to over 1,000 civilians in five remote sites in Albania.

Non-NATO nations are just beginning to assimilate NATO procedures and are often limited by equipment that is not interoperable with NATO nations. This is to be expected as we must learn to crawl before we walk and walk before we run. NATO is intentionally starting out at basic levels and will increase complexity as Partner nations gain proficiency with NATO procedures and the English language. Although these exercises were of minimal U.S. military training value, their political pay-off was tremendous. Perceptions of the U.S. and NATO have been greatly enhanced. Legal Status of Forces Agreements, access to Partnership military infrastructure and training areas, and steps toward democratization and

professionalization of Partner nation militaries have accelerated well beyond U.S. and NATO expectations. The trust generated through the personal contacts these exercises afforded helped facilitate USG initiatives from ministerial levels down to basic military units. Also, the Pfp exercise program is only just beginning. There are several exercises and training events planned for this fiscal year with significant participation from all former Warsaw Pact nations including Russia.

#### RUSSIA

Mr. SPENCE. What is your assessment of Russian military capabilities as reflected in the conflict in Chechnya?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. What is your assessment of the effects the Russian military experience in Chechnya has had on the broader cohesion of the Russian military?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. What have been the principle doctrine shifts, if any, in Russian military thought since the end of the Cold War? What are the implications of current Russian military doctrine for the American and Allied military policy?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]

Mr. SPENCE. The Conventional Forces in Europe (CFE) Treaty, signed in 1990, called for the limitations on the number of forces that could be deployed on the Northern and Southern Flanks of the former Soviet Union. Since 1992, Russia has attempted to modify these agreements. What is the status of Russian military forces in the Northern and Southern Flank regions? Do you anticipate that Russia will comply with the limitations specified in the CFE agreement by the November 1995 deadline for implementation?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]

#### IRANIAN THREAT

Mr. TEJEDA. In testimony before this committee last week, General Peay, the Commander-in-Chief of the Central Command, stated that Iran poses the most significant long term threat to his area of responsibility. My first question is: How does Iran threaten your area of responsibility, and is this threat a major concern to you? Second: Aside from a spread in the Bosnia conflict, what scenario worries you the most in the near term and in the long term?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]

#### TERRORIST THREAT

Mr. SPENCE. In your formal statement you have drawn attention to terrorism and the growing threat from terrorist activities throughout the globe. As we know from the World Trade bombing and similar international attacks, these actions threaten Americans as well as others. My question sir: What actions have been undertaken to reduce the threat of terrorism? Where do these international terrorist groups conduct their training and what can we do to end the terrorist threat to U.S. soldiers, sailors and airmen in the area of your operations? Lastly, which of our allies has been useful in assisting the United States in its pursuit of terrorists and how have they helped suppress the threat of terrorism?

General JOULWAN. Actions to reduce the threat of terrorism to our people cover a broad spectrum to include physical security enhancements at our installations, security awareness education throughout our communities, specialized training and protective measures for high risk personnel, and systems for rapidly warning our people of an increased terrorist threat. Additionally, antiterrorism and security and force protection are factored into the planning and execution of all USEUCOM operations.

To engage the terrorist threat on a national level, USEUCOM works closely with host nation agencies in sharing intelligence, coordinating efforts and standardizing policy to combat terrorism. These efforts, combined with continuing security evaluations and assessments, have reduced the terrorist threat throughout our area of operation.

A variety of terrorist groups have the support of nations located in or near the USEUCOM area of responsibility (AOR). Terrorist organizations rely heavily on states for training facilities and related activities. Those states in or near the USEUCOM AOR are Iraq, Libya and Syria. Despite the requirements of UN Security Council resolutions, Iraq has exercised the terrorism option against regime opponents and against UN officials and Western relief workers in Northern Iraq. Libya continues to refuse to comply with all of the requirements of UN Security Council resolutions, and allows representatives of terrorist groups to remain in its

territory. Syria and Lebanon retain close ties to several groups that have engaged in international terrorism and allows them to maintain offices and to train in territory it controls.

Each of our NATO Allies has been cooperative in combating terrorism. The German Government, which is the host nation to a majority of U.S. forces in Europe, is a prime example of the outstanding cooperation found throughout the theater. German authorities have committed considerable police and military resources to protect our people. This was particularly evident during Desert Storm. Needless to say, in many of the lesser developed countries, host nation capabilities are less than we desire even though there may be a willingness to suppress terrorism.

#### READINESS SUSTAINABILITY

**Mr. DORNAN.** According to 2/19/95 Washington Post article, the number one destroyer of unit readiness (in the words of an infantry battalion commander) is "that a guy gets trained and then is transferred." Is there anything Congress can do to remedy this situation?

**General JOULWAN.** We need to be mindful of the turbulence created by the drawdown of the military and particularly in Europe over the last few years. Maintaining unit cohesiveness and readiness was difficult while executing the largest drawdown since World War II. Fortunately this drawdown and consolidation is almost complete.

There are two things Congress can do to prevent this problem from reoccurring: first, is to allow USEUCOM to stabilize its force structure at approximately 100,000 without making troop cuts based on short-sighted burdensharing legislation; and second, to support three year accompanied tours instead of reducing tours to one year unaccompanied tours. Providing stability in the lives of our servicemembers is an important part of their quality of life. It is counterproductive to ask our people to execute the high tempo of operations we have seen in this theater while adding turbulence to their home life. Retention of quality personnel is a cost effective tool for unit stability that tracks directly with quality of life in USEUCOM.

#### QUALITY OF LIFE

**Mr. DORNAN.** According to 2/19/95 Washington Post article, frequent deployments away from home in Europe, especially to "peacekeeping" missions, are impacting "morale." Soldiers are deployed away from home at least 3½ months per year (not including weekends). Some officers are deployed away from home as much as 7 months per year. How big an impact on morale are these deployments? What can be done to remedy this situation?

**General JOULWAN.** USEUCOM has been tracking the average number of days per year a servicemember spends away from home station (PERSTEMPO) since the beginning of the fiscal year and following which specialties are affected. Thus far, we have seen no adverse correlation between historical morale indicators (retention, article 15s, courts martial, AWOL, substance abuse, and family abuse) and PERSTEMPO rates.

The words of former USAREUR Commander in Chief, Gen. Maddox, ". . . soldiers are happy to have the opportunity to do what they've been trained to do," appear to hold true. However, we must commit to supporting those servicemembers and their families in order to deploy mission-focused troops. Servicemembers should not be penalized simply because they live overseas. Goods and services normally available in the U.S. should be adequately funded through quality of life programs in Europe.

No data is available on the long-term impact of high PERSTEMPO, but "relief valves" (global sourcing, reserve augmentation, civilian/contractor support, etc.) have been established for all Services in order to defuse the situation before it becomes a problem—before we see servicemembers begin to cite long term PERSTEMPO as a factor in the decision to leave the service.

During the previous year, some USEUCOM forces were deployed for as much as 210 days a year. USEUCOM has confronted this high deployment rate through aggressive use of Guard and Reserve forces. Guard and Reserve augmentation of active duty forces has greatly reduced this number to approximately 135 days per year, with a goal of 120 days per year. In fiscal year 1995, eleven states are scheduled to provide Guard and Reserve forces to augment Operations DENY FLIGHT, PROVIDE PROMISE and PROVIDE COMFORT II.

### WEAPONS MODERNIZATION

Mr. DORNAN. What are some specific weapons systems that are vital to your future missions? Airlift (C-17)? Recon (RAH-66)? BMD (Aegis+)?

General JOULWAN. I make my equipment needs known to the Services, Joint Staff, and the Joint Requirements Oversight Council based on capability shortfalls and their significance to my area of responsibility, rather than "sponsor" specific procurement programs.

Strategic airlift and sealift are vital to execute the many ongoing operations in this theater, as well as supporting operations in CENTCOM. The C-17, Prepositioned Material, Large Medium Speed Roll-on Roll-off Ships, Non-Developmental Alternative Aircraft, Army War Reserves, and Maritime Prepositioned Ships are essential to meet mobility requirements.

The C-17 is important because it has unique over-sized and out-sized cargo handling capacity, in addition to an unprepared and short runway capability. The increased proliferation of Ballistic Missile Technology and Weapons of Mass Destruction (WMD) highlight our need for increased Missile Detection and active defense capabilities. Patriot PAC-3, THAAD (with Ground Based Radar and Battle Management C3), Corps SAM, and Aegis Lower and Upper Tier systems will provide a mobile and robust defense against theater ballistic and cruise missiles.

Capability shortfalls exist in C4I, surveillance, and reconnaissance. Improvements in developments in Boost Phase Intercept and C4I such as Space Based Infra-Red and Cooperative Engagement Concept support layered defenses required for future WMD threats. Tactical Air Reconnaissance show promise and are being addressed by funding for manned aircraft (U-2R, F-14 TARPS, and F-18 ATARS), by Army efforts to develop the RAH-66 Comanche, and by Joint efforts to field a full spectrum of Unmanned Aerial Vehicles (UAV). UAVs offer the potential for high pay off at reduced risk as we work to improve our capability to provide timely intelligence to both the tactical and Joint Force Commander.

### THEATER MISSILE DEFENSE

Mr. DORNAN. The U.S. and Israel are jointly developing the Arrow missile defense system, a program which Major General Malcolm O'Neill, Director of the Ballistic Missile Defense Organization, described as having "significant benefit . . . to the United States." Joint Chiefs of Staff Chairman General Shalikashvili said "development and deployment of an effective theater missile defense (such as the Arrow program) should be one of our highest priorities."

How do you view continued cooperation in the area of ballistic missile defense between the two countries? How important is it to you to continue this kind of joint research? What long-term benefits do you see with such programs?

General JOULWAN. Cooperation on TMD systems with our Allies is both prudent and necessary. Besides obvious cost advantages, there are gains in interoperability, logistics, and supply which make for more efficient joint/combined operations. The Arrow program and the recent decision to begin cooperative development with the Germans, Italians, and French for a Medium Range Extended Air Defense System are steps in the right direction.

In USEUCOM, we face a challenging theater missile threat, especially in NATO's Southern Region. The proliferation of Weapons of Mass Destruction in and around our theater threatens U.S. national interests and personnel in this region. It is essential to work with our Allies to solve this very challenging problem. By developing TMD systems today, we will field an effective TMD system to meet the threat in the near future.

International cooperation offers many long-term benefits. It strengthens relations between the U.S. and Allies, enhances deterrence by discouraging the acquisition and use of ballistic missiles, provides an interoperable system that works in conjunction with U.S. systems to protect against ballistic missiles, and reduces U.S. per unit costs.

Mr. DORNAN. The U.S. and Israel are jointly developing the Arrow missile defense system, a program which Major General Malcolm O'Neill, Director of the Ballistic Missile Defense Organization, described as having "significant benefit . . . to the United States." Joint Chiefs of Staff Chairman General Shalikashvili said "development and deployment of an effective theater missile defense (such as the Arrow program) should be one of our highest priorities." What are your impressions of the Arrow program? What benefits do you think it can bring to the U.S.?

General JOULWAN. The Arrow program benefits U.S. international security interests by providing a mechanism for increased stability in the Middle East. Our contribution to the Arrow program demonstrates the U.S. commitment to help Israel

deal with a growing theater ballistic missile threat while promoting the mutual exchange of technology and research.

Mr. DORAN. The U.S. and Israel are jointly developing the Arrow missile defense system, a program which Major General Malcolm O'Neill, Director of the Ballistic Missile Defense Organization, described as having "significant benefit . . . to the United States." Joint Chiefs of Staff Chairman General Shalikashvili said "development and deployment of an effective theater missile defense (such as the Arrow program) should be one of our highest priorities." Do you agree with Gen. O'Neill's assessment that the Arrow program has provided significant technological benefits to the U.S.?

General JOULWAN. [DELETED—CLASSIFIED INFORMATION.]



**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, U.S. ATLANTIC COMMAND AND SOUTHERN COMMAND [ACOM/SOUTHCOM]**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
*Washington, DC, Wednesday, March 8, 1995.*

The committee met, pursuant to call, at 9:30 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. We are running a little late this morning for all kinds of reasons, which I will not go into, but none the less, this morning the committee will continue its series of posture hearings with the major regional Commanders in Chief.

Our witnesses today are Gen. John Sheehan, Commander in Chief, U.S. Atlantic Command; and Gen. Barry McCaffrey, Commander in Chief of the U.S. Southern Command.

With this morning's hearings, the committee wraps up its review of the war fighting CINC's perspectives on the administration fiscal year 1996 budget request. While we have yet to hear from Generals Sheehan and McCaffrey, the testimony received from our Regional Commanders thus far has produced a constant theme.

We believe we can do the job, today, but have concerns over being able to fulfill our mission in the future. While I do not personally share this degree of optimism over near-term readiness, I do believe that the long-term readiness concerns we are hearing about will require immediate action today.

We need to better balance near and long-term readiness priorities to ensure that we maintain a force adequate for today's challenges without mortgaging future military capabilities.

Obviously, this task will require a more efficient allocation of available resources while continuing to aggressively explore how to allocate additional funds to the defense top line.

Before turning to our witnesses, I want to touch briefly on one more area of concern to me. The near-term readiness issue has been driven by the extraordinary increase in contingency operations over the past few years.

From Somalia and Bosnia to Haiti, the United States forces are maintaining an unprecedented level of peacetime operations, all of which consume tremendous amounts of resources that are not budgeted for.

I agree with the Secretary of Defense when he said that we need to arrive at a solution that protects critical readiness training and exercise activities from being sacrificed to pay for unbudgeted operations.

The administration's proposed solutions fail two critical tests. By asking for authority to draw on a temporary line of credit to pay for military operations, it is assumed that any credit used will be paid with additional funding in the form of emergency supplemental appropriations.

Given recent action on the fiscal year 1995 DOD supplemental, it should be clear that this assumption is simply not valid and that this Congress is unlikely to approve future supplementals to pay for military operations short of war without offsetting such spending somewhere else; more than likely, out of other defense accounts. Thus we end up at the same place paying for these operations out of an already strapped defense budget. Second, the administration's proposal fails to address the most difficult aspect of the contingency operations issues; the role, or lack thereof, of Congress in approving such operations. No where is this issue more apparent than in Haiti. The administration's proposal asks Congress to grant the DOD a blank check to conduct operations.

Yet in the case of Haiti, the administration's decision to commit military forces was an obvious contradiction of bipartisan congressional opinion. The administration basically ignored congressional intent on Haiti. It has no compunction about approaching Congress for reimbursement after the fact and after the money is spent with a threat that if we do not, we will somehow be responsible for the readiness problem.

Of course, the ultimate solution to this dilemma is not to get involved in peacekeeping operations that have little to do with the U.S. national interest. However, until we are able to agree on a mechanism that fully involves Congress on the front end of such decisions, I expect that we will have no choice but to play the current game of fiscal chicken with the readiness of our forces caught in the cross fire.

I realize that our witnesses today are not parties to this fundamental policy dispute. Nonetheless, I want to raise this issue in the hope that it will prompt a fuller debate on the range of operational and political variables affecting any eventual solution to this problem.

With that, let me again welcome our witnesses. Before proceeding, I would like to recognize my colleague the ranking member, Mr. Dellums from California, for any remarks he would like to make.

#### **STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. Thank you very much, Mr. Chairman and members of the committee; a few brief remarks. First let me join you in welcoming our two distinguished witnesses, General Sheehan and General McCaffrey, to today's hearings on the fiscal year 1996 Defense authorization request.

The need to address regional issues while concurrently meeting the requirement to provide trained forces to respond to a wide array of challenges in the area of operations of the forward United CINC's is an awesome task.

In light of the unprecedented political changes taking place in the Americas, I, for one, appreciate the challenges and the opportunities our distinguished witnesses face in sustaining the partnership with our southern neighbors in support of their sometimes struggling and fragile democracies, while demonstrating our respect for their individual sovereignty.

The growing interdependence in the hemisphere means that we are all affected by the events that occur in the individual nations. I do, however, remain concerned that our support of military activities in some nations in the region, especially of El Salvador and Guatemala, may not be perceived by the populous as enhancing the growth of regional democracy. These activities could be perceived as a violation of the objectives and the best interest of the foreign policy of the United States where we have been encouraging the respect for human rights, strengthening of civilian control of the military.

In those nations where the military continues to be the dominant institution to the detriment of civilian democratic institutions and long-term economic development, such support contradicts the thrust of U.S. policy which has been to isolate the military and to condemn military abuses and to encourage progress and peace negotiations. They also entail a serious risk that the United States will be associated in the public perception with the abusive military. In the context of this committee, my colleagues and I continue to search for an appropriate defense funding profile to meet our national security challenges in the post-cold-war world consistent with other priority needs and budget realities.

While regional uncertainties and instabilities remain, we cannot ignore the tremendous opportunity that the post-cold-war security environment proffers for us now. We seek to understand how our initiatives will either contribute to, or detract from, enhancing democracy and creating stability in the region.

Your contribution is valuable in this area. I, along with all of my other colleagues, look forward to the testimony and your response to our questions. With those brief remarks, Mr. Chairman, I yield back the balance of my time.

**THE CHAIRMAN.** I thank the gentleman. Without objection, both or your statements will be submitted for the record. General Sheehan, you may proceed followed by General McCaffrey.

#### **STATEMENT OF GEN. JOHN J. SHEEHAN, COMMANDER IN CHIEF, U.S. ATLANTIC COMMAND**

**General SHEEHAN.** Mr. Chairman, thank you very much. It is a great pleasure to be here today. It is a pleasure to be back testifying before this committee as I have many times before.

My statement stands on its own, sir, in terms of my feelings about what Atlantic Command's AOR is all about and the challenges that we face in that AOR. I would like to quickly summarize the three main concerns that I have.

First is the real near-term readiness of our forces. There has been a great deal of discussion about the supplemental that is necessary. We in the Atlantic Command and as the Commander in Chief of 80 percent of the U.S. Forces, right now, we are spending our future.

If that supplemental is not passed, the impact of that will be very simple. The first part of July, the U.S. Army Forces in the United States will stop training. By the end of July, I will start tying up ships.

The first part of August, the Marine Forces, except for those that are required forward deployed, will not deploy and will not train. ACC, Air Combat Command, will stop flying aircraft by the middle of August. It is absolutely essential that that supplemental be funded and that that money go into the O&M accounts for the forces that are currently supporting forward-deployed CINC requirements.

The second concern I have is Haiti. We are on track in terms of transitioning that force to UNMIH, the U.N. on March 31. That will continue on track. I think that the objectives we have outlined before this committee, so many times before in the past, will be achieved.

My third concern is Guantanamo Bay, Cuba and the some 25,000 Cubans and the some 500 Haitians that we still have at the camps. That is costing us about \$1 million a day. There was an attempt to utilize civilians in that process to reduce the military manning that is required for it.

We will get down to about 20,000 Cubans for which there is no exit strategy. There is no funding for that program past the end of this fiscal year. Those are my concerns. I would like to end at this particular point to give General McCaffrey a chance for a statement.

[The prepared statement of Gen. John Sheehan follows:]

For Release Only By The  
House National Security Committee

*Statement of  
General John J. Sheehan  
Commander In Chief  
United States Atlantic Command*



*Before the  
House National Security Committee  
8 March 1995*

For Release Only By The  
House National Security Committee



**Remarks by  
General John J. Sheehan, U.S.  
Supreme Allied Commander Atlantic  
Commander in Chief, U.S. Atlantic Command**



**Before the House Appropriations Committee  
National Security Subcommittee  
February 1995**

Mr. Chairman, distinguished members of the Committee, I appreciate the opportunity to be here today. My prepared statement provides a brief threat assessment, reviews Atlantic theater issues -- including an assessment of ongoing operations in Haiti and Cuba, highlights the command's strategic goals, talks about USACOM's role as the joint force capabilities integrator and trainer, discusses ACOM in the context of its juxtaposition with the headquarters of the NATO Allied Command Atlantic, and concludes with a few comments on readiness and budget issues.

As you recall, as part of the 1993 reorganization of the Unified Command Plan, USACOM now bridges military capabilities across the continental United States with the Air Forces's Air Combat Command, Army's Forces Command, Marine Corps' Marine Forces Atlantic, and Navy's Atlantic Fleet serving as its service components. As a result, USACOM has Combatant Command (COCOM) of over 80% of the active force structure.

CINCUSACOM retains Combatant Commander responsibilities within its assigned Atlantic Area Of Responsibility (AOR) – the Atlantic bridge to Europe, the southern hemisphere and beyond. Concurrently, command of NATO's Allied Command Atlantic has been retained, as Supreme Allied Commander Atlantic (SACLANT), reinforcing the Alliance with the joint capability of CONUS forces.

#### RESPONSIBILITIES

- Atlantic Area of Responsibility
- Joint Force Packaging
- Joint Force Training
- Assist in Joint Doctrine Development
- Counter Drug Operations
- MSCA/MACDIS CONUS Operations
- Land Defense of CONUS/CANUS

The command's newest mission – *Provide joint trained and ready military forces where needed throughout the world in support of Atlantic theater and forward CINC requirements, and insure those forces are trained as joint units capable of carrying out their assigned tasks* – is its most challenging task.

Other additional and enhanced missions require:

- Identifying , training, and facilitating deployment of joint force packages in support of peacetime presence, contingency response, peacekeeping, or humanitarian assistance operations;
- Developing a joint training program for and providing Military Support to Civilian Authorities and Military Assistance for Civil Disturbances within the 48 contiguous states, the District of Columbia, and the geographic

AOR;

- Planning for the land defense of CONUS and combined Canada - United States defense of Canada (CANUS);
- Providing forces for worldwide strategic and theater reconnaissance; and
- Planning for and conducting counter-drug operations in support of U.S. Law Enforcement agencies.

### *Threat Assessment*

**USACOM must prepare its forces to respond to a wide array of challenges in both the Atlantic AOR, and the AORs of the forward Unified CINCs.**

**The challenges in USACOM's AOR include political instability, primarily in Cuba, continued narcotics trafficking through the Caribbean, and the reality of a significant maritime capability by the Russian Northern Fleet in the North Atlantic. Excepting Russian naval capability, the scenarios of challenge to U.S. national security in the Atlantic AOR fall into the lower end of the conflict spectrum.**

Since our primary focus is to train U.S.-based forces for joint and combined operations outside of USACOM's AOR, we maintain acute awareness about the threats facing the forward unified CINCs. These threats cover a wide assortment of potential crises from political instability to Major Regional Conflicts similar to Desert Shield/Desert Storm.

Finally, there are significant non-traditional challenges and threats such as the proliferation of advanced weapons world-wide, and growing potential for mass migration of the economically, socially and politically deprived.

### *Regional Update*

USACOM's first year of existence set a standard for joint operations. The success of combined and multi-agency operations in Haiti and migrant operations in Cuba met or exceeded expectations. We are continuing to build on that strong foundation.

#### Haiti

Commencing with the mid-1993 Governor's Island formula for restoration of the duly elected government of Haiti, and subsequent United Nations Security Council resolution, U.S. forces have led a coalition of nations in the enforcement of economic sanctions against the illegitimate Cedras-Francios-Biamby regime, and humanitarian assistance to the thousands that

fled. U.S. forces were introduced into the country of Haiti, in support of United Nations Security Council Resolution 940, on 19 September 1994 as part of Operation Uphold Democracy. The purpose of this interdiction was to restore the democratically elected government of President Aristide and provide for a mechanism to assist in sustaining a secure and stable environment to allow for democracy to sustain itself in this long deprived nation, and reduce the flow of Haitians leaving in unsafe boats in an attempt to reach the United States. This operation is the best case study to date in the execution of a multi-service, multi-agency and multi-national synchronous operation. Forces of the U.S. Army, U.S. Navy, U.S. Marine Corps, U.S. Air Force, U.S. Coast Guard, non-military elements of U.S. government and state agencies and, a Multinational military and police force, and a host of international non-government and private volunteer organizations all contributed unique capabilities.

On 15 October 1994, President Aristide returned to Haiti and began the process of reestablishing his legitimate government. U.S. military force levels in support of this operation have been reduced based on operational requirements from a high of 20,000 to currently less than 6000. We have been careful to rotate personnel and units in an effort to be conscientious to the morale of our people and readiness of our units. Currently, MG Fisher, Commander, 25th Inf Div (L) commands the Multinational Force (MNF) in Haiti. At present:

- MNF Haiti continues to contribute to the secure and stable environment in Haiti.

- The U.S. contribution to MNF Haiti is approximately 6,000 personnel.
- International presence in MNF Haiti totals approximately 2500 personnel. Forces from around the world have and continue to contribute -- to name but a few -- Bangladesh, Guatemala, Poland and for the first time in such an operation a battalion of soldiers from the Caribbean Island nations operating under one commander.
- International Police Monitors from eighteen nations representing all continents, total 1029 personnel.
- Weapons confiscation and buy back programs have netted in excess of 29,000 weapons -- from artillery to small caliber weapons.
- USACOM, MNF Haiti and United Nations Mission in Haiti (UNMIH) staffs continue to plan the MNF Haiti transition to UNMIH. MG Joseph Kinzer, USA, has been designated Commander, UNMIH and Commander, U.S. Forces Haiti. The United Nations Security Council established 31 March 1995 as the date for this transition.
- An agreement has been reached between the UN and DoD on the composition of the U.S. contingent to UNMIH. Total U.S. strength will not exceed 2400 personnel.

Cuba

No longer a significant military threat, economic decline and political oppression increase the prospect of illegal mass migration and regime threatening civil unrest. Since the breakup of the former Soviet Union, the political system and economic infrastructure of Cuba have significantly deteriorated, a situation that will only further increase in seriousness and import for the United States in the remaining years of this century.

This continuing decline of the economy in Castro's Cuba, coupled with Castro's array of tactics to get international attention, continue to encourage migration by any means for Cubans seeking relief. The Cuban migrant challenge in 1994 was the largest since the Mariel boat lift of 1980. Concurrent with the migrant flow from Haiti, the Cuban migration severely stressed facilities at Naval Base Guantanamo Bay. A Joint Task Force (JTF), JTF 160, was established at Guantanamo Bay, Cuba to support relief and migrant processing centers for migrants of both countries.

We continue to provide humanitarian assistance to Haitian and Cuban migrants at Guantanamo Bay in coordination with designated Non-governmental Organizations (NGOs) and Private Volunteer Organizations (PVOs), and in support of other U.S. government agencies. Almost all of the Haitian migrants have been repatriated, while over 20,000 Cuban migrants are still being cared for. JTF 160 provides:

- reception, housing, subsistence facilities and medical care for migrants;

- safety for U.S. personnel;
- coordination with appropriate agencies to provide support for the screening, processing, paroling and movement of selected migrants to CONUS and other designated locations; and
- to optimize the Quality of Life of all migrants both in the interim and long term.

To the maximum extent possible, Cuban migrant and Haitian migrant participation in and contributions to camp administration and support has been encouraged.

In addition to the more than 6,300 U.S. military personnel, there are approximately 187 civilian personnel supporting migrant operations in Guantanamo Bay. They represent various U.S. government agencies, NGOs and PVOs. Examples of these organizations are Department of State, Immigration and Naturalization Service, International Organization on Migration, Community Resources Services, U.S. Public Health Service, United Nations High Commission on Refugees, World Relief Council and the International Red Cross.

While we are at a sustainable steady state for the moment, the favorable and peaceful resolution of this situation will only occur with the end of totalitarian rule in Cuba.

## Command Strategic Goals

*Our primary objective is to sustain and improve the readiness of military forces* based in the continental U.S. We are planning, training, organizing, exercising, rehearsing and deploying units and individuals capable of operating in a joint environment. Our standards are the joint mission essential tasks (JMET), by which USACOM, the combatant commanders and the joint staff identify critical tasks, conditions, and standards required of our forces.

### 1995 Goals

- Sustain and improve readiness of CONUS Forces
- Add value to JMET concept
- Energize JTASC
- Sustain competitive edge in combat multipliers
- Improve multi-national readiness
- Integrate capabilities of Non-DoD agencies
- Support DoD and Joint Services Planning and Acquisition Process

The key to the training concept is a three tier approach. The Tier One foundation is service training, where soldiers, sailors, airmen, marines and coast guardsmen attain their core competencies. In Tier Two our focus is on achieving service and joint mission essential task standards at the tactical level. It is field training of forces; bringing together units from all four components on the ground, in the air, and at sea to rehearse those unit level, joint tasks that would be required of them in wartime. It is at the third level of training where value is added to achieving joint operational readiness. At this level, USACOM combines simulation and computer-assisted decision making

to train JTF commanders and their staffs more efficiently. The seamless functioning of this three tier formula is key to improving joint readiness.

USACOM's centerpiece for component joint task force operations, planning and staff readiness is the new Joint Training Analysis and Simulation Center (JTASC). On track to become one of the world's premier centers of next-generation computer modeling and simulation, the JTASC will provide the mechanism by which we can train JTF commanders and their staffs without the expenditure of massive resources normally associated with large field training exercises.

The next USACOM goal is to sustain America's competitive edge in combat multipliers. These include strategic lift; logistic agility; technological advantage; and command, control, communications, computers and intelligence (C<sup>4</sup>I) interoperability.

With the CINCUSACOM dual-hatted as the Supreme Allied Commander Atlantic, USACOM is in a unique position to influence multinational operational readiness. In this light, the command will pursue leveraging the existing infrastructure of NATO and friendly nations in exercising the Combined Joint Task Force (CJTF) concept and encourage other nations to participate in planning and exercising regional or coalition response.

Next, the command will continue to cultivate interagency relationships and cooperative knowledge that can be capitalized upon in contingency planning.

execution. We also want to factor in non-DoD agencies, non-government organizations, private volunteers and private sector capabilities in all appropriate JTF plans and exercises.

Finally, USACOM will actively support the Department of Defense and Joint services program planning and acquisition process. This will be accomplished by active participation in the Joint Requirements Oversight Council (JROC) process, drafting Joint Mission Needs Statements for Future Oriented Missions, and developing integrated priority lists.

### Forces and Capabilities

America has a superior competitive advantage in military capability -- led and operated by the most dedicated and highly skilled military personnel in the world. A declining resource base need not tear at the coherency of this capability nor at the morale of our people. A significant part of the answer to ensuring the capability and readiness of our military capability to defend against future challenges is keeping pace with the technology, management and leadership skills available in this new age. We must invest in what our instinct tells us will work in the future, not necessarily in what we planned to employ in the past.

Given this requirement, USACOM's charter is to retain and evolve the readiness of CONUS based forces, and maintain our ability to respond to

contingencies while continuing to reduce force structure to the levels specified in the Bottom-Up Review. We are doing this by leveraging technology and joint training to maintain forward readiness. The key is seamless interaction between the supported and supporting CINCs across the spectrum of U.S. military capability.

Historically, we have responded to theater requirements from a threat-oriented perspective with fixed combinations of forward stationed forces and standard augmentation/reinforcement packages. From our current response orientation, we are moving toward capability-based planning. Trained and ready joint forces, trained to theater CINC Joint Mission Essential Tasks will be ready and provide a menu of options from which theater commanders may select suitable joint capability in response to current and projected scenarios. These joint forces will be capable of deploying on short notice to meet requirements in any theater. The concept of tailoring and training joint forces in CONUS for worldwide applications will continue to evolve as we restructure to meet the challenges of the new security environment.

### Readiness and Budget

A visit to USACOM or its components would demonstrate that we have the highest quality military force our Nation has ever fielded. Our components are capable of executing the missions required of them. However, to examine the issue of readiness, one must look at three indicators.

First, the current readiness system only measures static metrics. It does not measure joint readiness, nor is it predictive in nature. DoD is doing a great deal of work in this area. USACOM's approach to joint training will help satisfy the development of a methodology to apply indices or indicators on joint readiness. Readiness should not be characterized solely by static measurements of on-shelf supplies. Readiness should be determined also by the ability to effectively assemble, train, and employ the capabilities of units and subunits of potential joint task force configurations.

USACOM stands in a unique position to advance joint unit readiness status even further, as we implement the Chairman of the Joint Chiefs of Staff's Exercise and Scheduling Program.

Of near-term concern is the adverse impact of unprogrammed contingency operations on readiness. Because supplemental funding of contingency operations remains uncertain and untimely, too often USACOM components absorb contingency costs through drawing down Operations and Maintenance (O&M) fund accounts, resulting in lost training opportunities and declines in force readiness. When supplemental funding arrives, it is often too late to recapture these training opportunities and restoration of readiness levels may be too late if unanticipated force demands must be satisfied.

In addressing this problem we must first rapidly pass this year's emergency supplemental to restore depleted O&M accounts in all USACOM components. Subsequently, we need to develop a new funding mechanism and additional fiscal authority to preserve funds for readiness and accelerate the

reimbursal of the services for other funds expended on contingency operations.

Finally, we must devise a re-capitalization process that will allow all the services to procure required systems for the future. The proposed FY 96 DoD Budget is a step in the right direction.

### Conclusion

The Bottom-Up Review force levels provide adequate future force structure provided we adopt efforts to employ and deploy capability relevant to our national security objectives, provide BUR specified force enhancements, better joint training, and provide requested funding to achieve more capable combat forces.

Our war fighting capabilities and doctrine must be melded to optimize efficiency.

Advanced technology, however impressive, serves only as a force multiplier. It cannot substitute for forces. Meeting future operational demands will still require the capabilities inherent in our performance platforms, our fleets, our air wings, our amphibious and land maneuver forces, and the manpower needed to operate these performance platforms.

America's security is based on the quality of our armed forces -- keeping

**our personnel and equipment ready. Most importantly, we must provide for our people with adequate compensation, quality of life programs, and some measure of career stability.**

In closing, joint training has been and will continue to be a major focus of our readiness efforts at USACOM. As we move into the 21st century and continue to face a changing national security environment, our ability to maintain readiness at the joint level will become the linchpin of our ability to field a credible and affordable military presence worldwide.

**STATEMENT OF GEN. BARRY R. McCAFFREY, COMMANDER IN CHIEF, U.S. SOUTHERN COMMAND**

General McCaffrey. Mr. Chairman, I thank you for the opportunity to appear this morning and to include the other distinguished members of the committee. I would like to very briefly, if I may, talk about the security environment that SOUTHCOM faces and outline for the principal contributions we think we make in support of U.S. interest in the Americas.

I would do so in the context of the background of last December—some of the Americas in Miami, which we thought was a splendid statement of the growing interdependence, both economic and political, of our shared commitment to democracy and market economics throughout the hemisphere.

It is also in my judgment an affirmation of the confidence that we have in the United States and in Latin America's future. When I am asked what is the difference between service and the Joint Staff looking at the global context and then service with a particular focus on the Americas, it is one of optimism I would underscore.

The hemisphere is one of opportunity. I would flag our attention to the fact that the United States is the fifth largest Spanish-speaking nation on the face of the Earth. The number of people speaking Spanish as their native language rose by some 50 percent in the 1980's to some 22 million. It is projected to reach 40 million by the year 2020.

One of the byproducts of this growing interdependence I would suggest is that problems become transnational and affect the entire hemisphere. I could briefly offer the obvious examples of both Cuba and Haiti and the accompanying economic problems which cause a wave of migrants that affect all of us, and in particular SOUTHCOM.

In addition, you could underscore the recent economic crisis in Mexico with its attendant impact on both Argentine and Brazilian markets.

Finally, I would stress the transnational threat throughout the Americas is drugs. Drugs affect all of us. Narcotic traffickers pose a major threat to Latin American democracy. Drug consumption causes absolutely irreparable harm to their citizens on their own.

I would underscore that Latin American nations pay a price that in many ways is far greater than that of the United States. Colombia's murder rate is 10 times that of the United States. I say that in a society in the United States which loses more than 10,000 dead and \$66 billion a year to the impact of drugs.

Let me briefly mention four ways in which SOUTHCOM does support, I would suggest, United States interests in the Americas. These are not prioritized. They are statements of principle. It is by attempting to build regional cooperative security.

In light of the recent Ecuadoran conflict, I underscore that security concerns still fundamentally affect our own national interest in the hemisphere. I would be very glad to address your further questions on that subject. In SOUTHCOM we have a principal focus on promoting regional cooperative security by supporting multi-national training exercises with appropriate post-cold-war missions. I would underscore the examples to these kinds of missions; peace-

keeping, humanitarian assistance, counterdrug, and the cooperative management of airspace, sea space, and land frontiers.

Our second major activity in support of U.S. interests is by encouraging appropriate military roles and missions throughout the Americas. I would argue that the Latin American militaries are among the least militarized region on the face of the Earth in terms of almost any way you want to rank-order it; by expenditures, percent of GNP, percent of budget, or in absolute terms.

However, in some cases it may well be that their military structure and doctrine are inappropriate for their own national purpose and for the decades that face us. Though our contribution will hopefully be one to encourage the development of roles that are supportive of civilian control, respectful of human rights and rule of law, and carried out by appropriately structured military forces.

I would underscore that many of the military leaders in the Americas are moving in that direction already. I would flag your attention to the leadership role of the Argentine Army Chief of Staff, Lieutenant General Balza, and the Brazilian Minister of the Armed Forces, Leonel, as an example of two such leaders who deserve our continued support.

As we look at the Latin American military institution's participation in these new roles I would underscore that they are part of 13 of the 17 ongoing U.N. peacekeeping missions. As a way to gauge their own spending on defense, I would suggest to you that tiny North Korea has more people under arms than does all of Latin America.

Both Iraq and North Korea have more tanks than do all of the Latin American forces combined. Basically, we think we have an opportunity to use our own foreign military interaction to encourage Latin American military forces to reassess their roles, the missions, their doctrines, and their force structures in the years ahead.

One of the key tools we use in that process is by SOUTHCOP's ability to employ the IMET, international military education and training, funds and expanded IMET to assist in educating and influencing these military forces. Both programs are absolutely essential in my judgment for training and for empowering foreign military and civilian defense leadership.

In the last 5 years, our security assistance programs in Latin America have been reduced by 96 percent. Our means of influence have decreased substantially along with it. Last year only about 1,500 IMET students came to the United States from Latin America compared with over 6,700, 5 years ago. Less than 1 percent of the military officers in the Americas have had an opportunity to participate in U.S. military training of one sort or another.

A third function SOUTHCOP serves is to contribute to U.S. interests by supporting PDD-14, the National Drug Control Strategy. President Clinton's strategy in my own judgment is balanced in a well thought-out way to tackle both the supply and the demand sides of the problem.

We have pretty solid national leadership. I would cite Dr. Lee Brown; Ambassador Bob Gelbar over in State; Tom Constantine who is an absolutely superb professional policeman; the DEA Director, Adm. Bob Kramek down at the Coast Guard; and the people over in Defense like Brian Sheridan. So, we have got good leader-

ship. We have got a good strategy. The U.S. Armed Forces role in SOUTHCOM specifically is not the lead role in this struggle. We are a supporting agency for other U.S. institutions and also host nation countries.

I would tell you that our collective efforts have resulted in some successes. We have, for example, in the last year taken out of the pipeline some 840 tons of cocaine that we think were produced in the last year. We took out of the pipeline about 265 tons of cocaine.

However, the drug trade is a lesson in economics. The price of a kilo of cocaine on the streets of America is 200 times greater than the prices of the leaves to make it up. If we cannot change this basic algorithm, there will be no success in stamping out the entrepreneurs who spring up to meet this demand. We have had a series of conferences in the fall, both in the Armed Forces and one in particular sponsored by ONDCP in which we attempted to come to grips with our fundamental problem. A superb strategy, good programs at the base, but we lack and must build an operations concept to continue to address this problem.

I would also suggest to you that the analogy of warfare is unhelpful. The drug problem, in my own judgment, is more akin to a cancer that must be addressed by treating its root causes and also the symptoms. It seems to me we have to stay with this for a decade or longer as a matter of principle to protect America from this incredible lethal threat.

Finally, let me mention that the Southern Command supports U.S. interests by ensuring that the U.S. Armed Forces, as an instrument of national power, are prepared to support U.S. foreign policy objectives into the next century.

We are attempting to think through what Southern Command should look like in the year 2001 and beyond, and provided our own ideas on that matter to Dr. Perry and his associates who are not thinking through that problem.

I would suggest to you that SOUTHCOM is a vital national asset. It is the smallest of the joint headquarters; some 700 talented men and women of all of the services. They are focused on the North-South access. We will have to sort out, as we withdraw our military forces from Panama, how to restructure this effort. We have provided a study and recommendations on where to move SOUTHCOM's headquarters to our Secretary of Defense. He is now in the process of applying broader criteria to determine how he can best position us for the next century.

The Panama Canal Treaty's completion date is December 31, 1999. So, this new Government of Panama is in a very crucial situation as they look toward the next 5 years in which they hold office.

We must transfer some 5,000 buildings and 77,000 acres. We will transfer more property back to Panama this year than in the last 15 years. We are very concerned about doing that in a manner that will protect the interest of the Panamanian people and do so with effectiveness and efficiency for our own U.S. Forces.

In conclusion, let me just thank this committee and Congress for their continued support of the U.S. Armed Forces effort in the Americas. We think that our operations in disaster relief, humanitarian assistance, multinational confidence-building exercises, mi-

grant operations, support of the Cuban migrant situation and Haitians and support of counterdrug operations have been vital to United States interests.

I would add that some 80,000 U.S. Military Reservists, both Guard and Reserve, Air Force, Army, Navy, and Marine Corps served in SOUTHCOM in the past 3 years. The last year, 1994, we had just under 4,000 deployments and some 56,000 troops from the various services deploy somewhere in the Americas.

We do it in support of national interests on a land mass which is one-sixth of the world's surface. We do so at a cost of about one-half of 1 percent of our defense budget. Our greatest strengths, I would suggest to you and I say this with absolute sincerity, are the competence, discipline, and dedication of the men and women who wear our uniforms and serve throughout the Americas.

They stand for our own value system. That is probably our best source of influence. I look forward to responding to your questions, Mr. Chairman.

[The prepared statement of Gen. Barry R. McCaffrey follows:]

FOR RELEASE ONLY BY THE  
HOUSE NATIONAL SECURITY COMMITTEE

STATEMENT OF  
GENERAL BARRY R. MCCAFFREY  
COMMANDER IN CHIEF  
UNITED STATES SOUTHERN COMMAND



BEFORE THE HOUSE NATIONAL SECURITY COMMITTEE  
8 MARCH 1995

FOR RELEASE ONLY BY THE  
HOUSE NATIONAL SECURITY COMMITTEE

**Statement of  
General Barry R. McCaffrey  
Commander in Chief, United States Southern Command  
before the  
House National Security Committee  
8 March 1995**

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**I. Introduction**

Mr. Chairman, distinguished members of the House National Security Committee, it is an honor to appear before you to participate in your deliberations on the fiscal year 1996 national defense authorization request. Today I will provide you an assessment of Latin America, describe SOUTHCOM's organization, and explain how SOUTHCOM supports U.S. interests in the region.

**• SOUTHCOM's Focus**

I would like to begin by identifying the four major areas in which SOUTHCOM is focusing its efforts. The first is assisting to build regional cooperative security measures in order to reduce inter-state and regional tensions. Our second area of emphasis is encouraging Latin American militaries to consider roles appropriate to their national requirements, roles

that are supportive of civilian control and respectful of human rights and the rule of law. Third, we are actively supporting the national Drug Control Strategy. Finally, we are structuring SOUTHCOM so we can remain engaged with the Americas throughout the next century.

**II. Impressions of Latin America**

**• Diversity of the Americas**

The term "Latin America" is deceiving. The vast region to our south includes 33 nations with histories and cultural heritage that are in some cases as dissimilar as those of the countries between the English Channel and the Urals. Four principal languages (French, English, Portuguese, and Spanish) are spoken. The Organization of American States (OAS) recognizes seven official languages, and numerous indigenous languages are still used. As we

**Another Perspective of the Americas**



move towards greater hemispheric integration, we must understand this diversity and draw from its strengths. It's worth noting that increasing hemispheric interdependence means that events such as an economic crisis or an outbreak of violence are felt throughout the region.

#### • 1994: A Momentous Year for the Americas

U.S.-Latin American relations have been punctuated this past year by major events. The highlight of the year was the Summit of the Americas. In addition, we witnessed the hemispheric condemnation of the dictatorial regime in Haiti and the subsequent reinstallation of the legitimate, democratic government. Last summer we saw the exodus of migrants, first from Haiti, then from Cuba. The over 30,000 Cubans who took to the sea in rafts before U.S. negotiations stemmed the tide are suggestive of the potential human tragedy that will accompany the implosion of the tottering Castro Regime. Most recently, Mexico's financial problems have raised concerns about Latin America's economic health.

#### • The Summit of the Americas

In December, President Clinton and 33 other democratically elected heads of state met in Miami to

celebrate the emergence of political freedom and economic prosperity in the Western Hemisphere. They reaffirmed a shared commitment to democracy, respect for human rights, market economics, and free trade. Finally they committed themselves to a process that will accelerate the economic transformation of the region and the creation of a hemisphere-wide free trade zone.

#### • Upbeat Economic News

The upbeat economic news coming from the Americas was in many ways the primary reason for the Summit. Market principles are prevailing and open trade regimes are being adopted. Inflation has been slashed to 1/30th of the rate of just five years ago. Inefficient public sectors are being privatized. Growing investor confidence in the region was reflected by the surging Brazilian and Chilean stock markets – the two top performing markets in the world in 1994 – until caution set in after the Mexican Peso devaluation. As a consequence of this economic transformation, U.S. exports to the region have more than doubled in the past eight years, creating some 900,000 quality jobs for U.S. citizens. Presently we trade more with Brazil than with China and more with Venezuela than with Russia. By the turn of the

## Latin America's Future is Positive

- Democracy is prospering
- Sustained economic expansion is the norm
  - Foreign direct investment has doubled since 1990
  - Worldwide trade has grown at 8.5% annually since 1985
  - The World Bank projects GDP growth of about 4% annually through 1999
- Increasing trade results in more prosperity for all
  - U.S. exports to Latin America increased from \$30 billion to \$79 billion between 1985 and 1993
  - Creating about 900,000 new U.S. jobs since 1985

century, our trade with the region is projected to exceed that with Western Europe.

#### • A Political Transformation

The story of Latin American political transformation is as familiar as the positive economic reports. Only Cuba lacks a representative form of government in the hemisphere. There is increasing stability and peace in Central America. The war in El Salvador is over, as is the Nicaraguan conflict. While the Guatemalan insurgency continues, there is increasing confidence that a UN sponsored peace process may resolve this 34-year war. Peru has also made significant progress in resolving its decade-long nightmare with the Sendero Luminoso and other anarchist insurgencies.

The Hemisphere is increasingly characterized by democratic governments seeking to build inclusive societies and competitive economies. The military forces of Latin America are also contributing to this process by supporting civilian authority and the rule of law. Human rights are accorded more respect. There is optimism that these gains will not be easily reversed. Simon Bolivar's 170-year-old dream is still alive.

#### • Other Positive Trends

Last month, General John Shalikashvili, the Chairman of the Joint Chiefs of Staff, spoke to the Senate Armed Services Committee about the uncertainties that accompany the process of forging a new post-Cold War order. He quoted a member of Congress who asked "And just how many tanks does uncertainty have?" If that question were asked about Latin America, the answer would be that it has "fewer tanks" than any other region of the world. On our southern flank, there is no regional aggressor seeking military hegemony, no specter of a regional arms race, nor the grave danger of the development and proliferation of weapons of mass destruction. Our neighbors are allies who, in general, share similar values.

#### • Some Continuing Problems

Nevertheless, there are real problems in the Americas. Widespread social and economic inequalities are exploited by insurgents, narco-traffickers, and highly armed bands of criminals. Latin America also has the world's most skewed

income distribution. The benefits of the recent economic turnaround infrequently trickle down to the poor. These problems can be catalysts for significant migration, both internal and international.

#### • Hemispheric Security Concerns Can Derail Integration

Lingering security concerns can derail the process of hemispheric integration. The flare-up of the long-standing border dispute between Ecuador and Peru shows how enormous progress can be jeopardized by historical enmity, mutual suspicion, and lack of cooperation. Such deep seated sovereignty issues are hard to resolve and they contain the seeds of future conflict. Disputes of varying intensity have tinged inter-state relations, from the Argentinean-Chilean border disagreements in Tierra del Fuego to the 1969 "Soccer War" between Honduras and El Salvador. The prevalent view within the Beltway that Latin American nations face no conventional threats is wrong. If you don't understand this aspect of regional tension, then you won't understand the forces at work in Latin America or the concerns of its defense planners. These insecurities make the development of cooperative security arrangements and other confidence building measures all the more relevant.

#### • The Drug Industry is Entrenched

Drug production and trafficking continue to be the major regional problems which affect all the nations of the Americas. In Colombia for example, the murder rate is nearly ten times greater than that of the U.S. Most of these deaths are directly related to narco-guerrilla activity. Cultivation of coca in Colombia has increased by more than 20 percent in the past two years. In Bolivia, cultivation has also increased to record levels despite U.S. funded eradication programs. In 1993, coca leaf seizures in Bolivia were less than 1 percent of the total illegally harvested crop. This is a reality we must deal with. This problem is compounded by an increase in opium cultivation and heroin trafficking.

#### • Why We Must Remain Engaged in the Americas

When we compare the positive trends in the Americas with the uncertainty of the rest of the world, it's clear the U.S. should remain engaged in this region to cement these gains and continue to support our national security interests. We can do this in a number of ways. The U.S. Government can support regional

cooperative security arrangements that reduce tensions and mutual suspicions. We can also assist Latin American armed forces as they develop roles and missions appropriate to their new circumstances. We can help them devise military doctrines to guide them in multinational peacekeeping operations or in cooperative management of border issues.

Additionally, we can demonstrate and support appropriate civil-military relations marked by military subordination to constitutional law and elected civilian leadership. Further, we can promote respect for human rights amongst the militaries of the region. Finally, SOUTHCOM can, as we have increasingly in past years, support U.S. counterdrug programs and the efforts of our Latin American allies in this cause.

### III. U.S. Southern Command Today

#### • SOUTHCOM Responsibilities

SOUTHCOM, with its headquarters at Quarry Heights, Panama, is assigned an area of responsibility (AOR) encompassing Central and South America. SOUTHCOM's soldiers, sailors, airmen, Marines, and special operations forces work throughout Latin

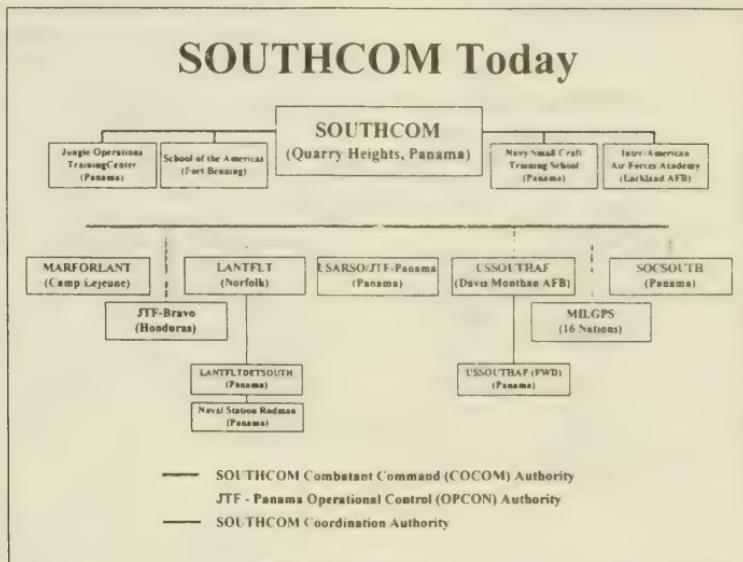
America with inter-agency, non-governmental, and private voluntary organizations. CINC USSOUTHCOM is the principal agent of the Department of Defense for designing, coordinating, and executing a military strategy to support U.S. national security objectives within the region.

#### • Recurring Peacetime Activities

Recurring peacetime activities include: contingency planning; execution of joint and combined exercises, and security assistance programs and activities; support for counterdrug operations conducted by other U.S. Government and foreign government agencies; assistance for humanitarian and disaster relief efforts; and the promotion of military-to-military contacts and confidence-building measures.

#### • Inter-Agency Nature of SOUTHCOM Activities

SOUTHCOM continues to build on the strong relationships between the Command, other U.S. Government agencies operating in the Americas, and the U.S. ambassadors and their country teams in each



country. The effective leadership of dedicated public servants such as Assistant Secretaries of State Bob Gelbard and Alec Watson, Assistant Secretary of Defense Allen Holmes, Deputy Assistant Secretary of Defense Mari-Luci Jaramillo, and Mr. Richard Clarke, Special Assistant to the President, has helped SOUTHCOM integrate inter-agency objectives into our plan of action. Our ambassadors in the field, have assisted us in understanding and supporting host nation perspectives.

#### • Clarity of Responsibility

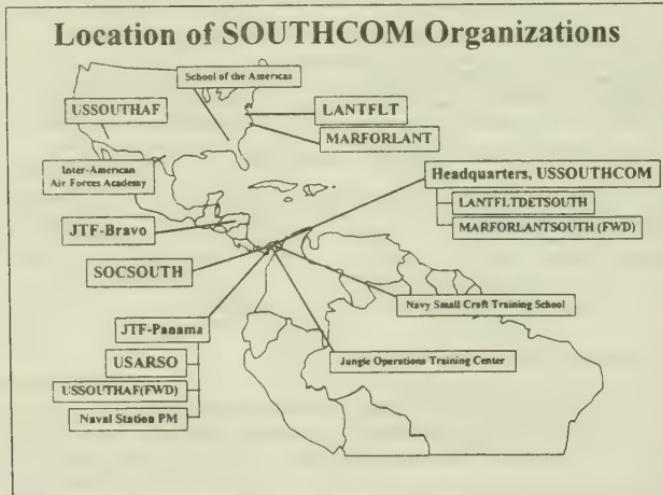
One of the reasons the inter-agency team works so well in Latin America is the clarity with which U.S. Government responsibilities have been assigned by the Foreign Service Act and the Goldwater-Nichols Legislation. These complementary acts protect the equities of both ambassadors and military area commanders. Ambassadors authorize military deployments in their countries after being satisfied that a contemplated military exercise or activity supports their objectives. Military commanders command and employ the forces to accomplish assigned missions. These sound principles ensure unity of command and the security of our deployed military forces, while fully integrating U.S. military operations with foreign policy objectives.

#### • Forces Assigned

SOUTHCOM is a battalion-sized headquarters of 700 men and women of all services. It is the smallest of all the unified commands. The headquarters includes representatives from the Department of State, CIA, DEA, DIA, NSA, the Coast Guard, and U.S. Customs Service. The Command and its Panama-based forces are withdrawing from the Republic of Panama in compliance with the 1977 Panama Canal Treaty. We are reducing our presence in Panama from 10,250 in 1992, to 7,500 later this year. In 1998 there will be only 5,600 military in Panama – a total reduction of almost 50 percent. All military presence will be withdrawn by December 31, 1999.

SOUTHCOM has subordinate Army, Air Force, Marine, and Navy components and a Special Operations Sub-unified Command. The maritime character of the region – nearly 23,000 miles of coast line and major river systems that are navigable for thousands of miles by ocean-going vessels – is a central strategic consideration. Our U.S. naval services are currently in the process of establishing a Marine Corps planning cell at SOUTHCOM.

There are two subordinate Joint Task Forces (JTF) within SOUTHCOM: JTF-Bravo at Soto Cano Air Base, Honduras, which operates a C-5 capable air



base and supports regional confidence building activities; and JTF-Panama, which coordinates all U.S. military operations and carries out humanitarian activities in Panama. Finally, there are 16 Security Assistance Organizations representing SOUTHCOM on U.S. country teams. (More details on assigned forces are provided at Annex A.)

#### • Cuban and Haitian Migrant Operations

Last September, Joint Task Force-Safe Haven, under the command of Brigadier General James Wilson, erected four temporary migrant camps and associated support facilities in a two week crash program. Each camp could accommodate 2,500 Cuban migrants and all were on U.S. controlled territory in Panama. Also, Joint Task Force-Distant Haven, under the command of Colonel Louis D. Huddleston, assembled a separate 2,500-man temporary camp in Suriname to house and care for Haitian migrants. Both facilities were intended to relieve mounting pressure at Guantanamo Bay. Thankfully, the need for the camp in Suriname was obviated by the restoration of democracy in Haiti and the subsequent repatriation of migrants.

Some 8,677 Cuban migrants were eventually flown to Panama. They were greeted with open arms by our troops and military community. The camps in Panama featured vocational-technical training, schools for children, sports leagues, religious activities, and libraries. We made a conscientious effort to treat these migrants with civility; guns, clubs, or barbed wire were not visible in either the reception centers or the four migrant camps. These humanitarian efforts required intensive and sustained efforts. More than 5,600 U.S. troops directly supported the camps, including 2,000 augmenting forces from the United States. SOUTHCOM carefully executed its fiscal responsibilities, however. Camp assembly and operations cost about \$42 million, not including troop salaries and transportation costs. The Cuban migrants left Panama during February and have rejoined the more than 20,000 Cuban migrants in Guantanamo Bay. All augmenting troops subsequently returned to their homes in the U.S.

#### • Cuban Migrants Riot in December

SOUTHCOM's initial assessment of the Cuban migrant situation in Panama was that enormous growing frustrations among migrants would

eventually result in violence. We expected they would vent their frustration by demonstrations or burning the camps. However, Safe Haven units did not expect the migrants would turn on the U.S. troops who had been caring for them and sharing their hardship; in December they did just that during riots.

Approximately 1,500 of the 8,600 plus Cubans in the camps either participated in the riots or tried to escape from the camps. However, the overwhelming majority did not participate in violent acts. Many cared for the wounded or tried to prevent the violence from escalating. Our soldiers, sailors, airmen, and Marines responded to these attacks with enormous discipline and restraint, and quickly regained control of the situation. We are grateful that no American or Cuban was killed or permanently maimed during the riots. However, 240 U.S. troops and 32 Cubans were injured. Also, two Cubans who escaped subsequently drowned while attempting to swim across the Panama Canal. The riots and the potential for further violence prompted a request for three additional Army infantry battalions and elements of an Air Force security police squadron to reinforce the forces guarding the migrants. There was no more violence.

### IV. Supporting U.S. Interests in the Americas

#### *Building Regional Cooperative Security*

Latin American military leaders have enormous respect and confidence in the U.S. Armed Forces. They are impressed by the successes we have demonstrated in Desert Storm and other recent military operations. They admire the doctrine, technology, training, and leadership that made those successes possible. They recognize that our Armed Forces are viewed with great respect by the American public and contribute in appropriate ways to the public discourse on national defense. Consequently, they are prepared to consider SOI/HCOM's ideas on promoting regional cooperative security and military-to-military confidence building measures. The SOUTHCOM exercise program is one way in which we use this high standing to advance such ideas.

- **SOUTHCOM Multinational Exercises – A New Focus**

During this past year, SOUTHCOM's exercises have shifted from bi-lateral events featuring conventional combat scenarios to multi-lateral exercises focusing on peacekeeping, humanitarian assistance, operations against narco-traffickers, and other more appropriate post-Cold War missions. In September for example, SOUTHCOM conducted a combined exercise with forces from Colombia, Ecuador, and Venezuela at Fort Chaffee, Arkansas. The exercise scenario featured cooperative security operations against narco-guerrillas operating in a border region amongst civilian noncombatants. We also invited representatives of several human rights organizations, members of the international press, and senior Latin American military officers to observe and learn from this exercise and each other.

- **Peacekeeping Exercise in Puerto Rico**

In November, SOUTHCOM hosted a peacekeeping exercise with more than 500 officers and non-commissioned officers from the Puerto Rico National Guard, Guatemala, Honduras, and El Salvador. One of the exercise's main objectives was to promote dialogue between neighboring militaries that have been reluctant to discuss mutual security issues. Additionally, observers from 12 Latin American countries, many U.S. inter-agency, and non-governmental and private voluntary organizations visited the exercise. Our visitors included five Latin American chiefs of armed forces and several service chiefs.

SOUTHCOM will continue to expand participation in these multilateral exercises. In August, 1995 we will support Lieutenant General Martin Balza, the Argentine Army Chief of Staff, as he further develops his Army's abilities to participate in peacekeeping operations. In addition, working through JTF-Bravo in Honduras, we will conduct similar ventures in Central America.

- **Confidence Building on the Ecuador – Peru Border**

The conflict between Ecuador and Peru graphically illustrates how border disputes can undermine regional stability and underscores the importance of developing regional cooperative security arrangements. This long-standing border

dispute caused earlier conflicts in 1941 and 1981 with hundreds of casualties for both sides and will be difficult to settle. At the root of the conflict is the imprecise treaty language about the demarcation of this largely unpopulated and undeveloped jungle region. This conflict is compounded by inaccurate maps of the disputed area.

SOUTHCOM has closely monitored the conflict zone and both countries' military activities since fighting broke out in January. Our concern has been that the rapid mobilization by both sides could spread the conflict from the disputed jungle region and escalate into general war between the two nations. SOUTHCOM is currently supporting U.S. participation in guarantor efforts to solidify the existing cease-fire. We are also assisting the Chairman of the Joint Chiefs of Staff develop supporting plans for an envisioned guarantor observation mission.

### ***Encouraging Appropriate Military Roles***

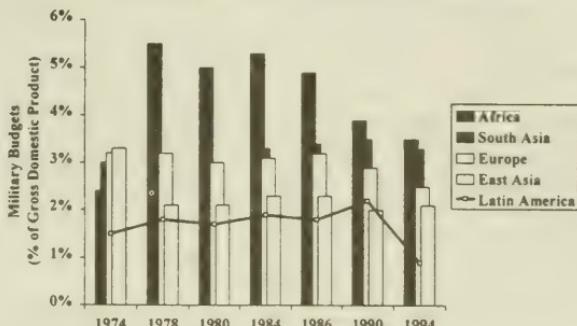
In the minds of some critics, the armed forces of Latin America are indelibly linked with the region's past political problems. Those critics have difficulty accepting that military institutions can have roles as positive, non-political, defense oriented elements of their societies. Indeed, disciplined, obedient, and law-abiding armed forces have a role in all societies. They provide the state a necessary monopoly of force to protect sovereignty from foreign and domestic enemies. Absent such legitimate armed forces, the nation is more likely to devolve to a Bosnia, not a Switzerland.

SOUTHCOM interacts with Latin America's armed forces through multiple venues. We discuss a variety of issues such as roles, missions, doctrines, force structure, human rights, and civil-military relations. We interact through security assistance programs, Spanish language schools, symposia, and humanitarian exercises and activities. Before reviewing this interaction, I would like to offer some observations on the relative size and contemporary activities of these armed forces.

- **Latin America Spends Little on Defense**

Latin America is one of the least militarized regions in the world as the above graph shows. North Korea, a nation about the size of tiny Honduras has

## Military Spending: Latin America spends less than any other region of the world



Source: Defense Intelligence Agency, 1995

more submarines and more men under arms than do all Latin American countries combined. Both Iraq and North Korea have more tanks than do all Latin American armies. These low levels of defense spending are a reflection of regional threat perceptions. The development of regional cooperative security arrangements would further reduce threat perceptions and encourage continued restraint.

Nevertheless, Latin American militaries have legitimate modernization requirements as they assume new roles and missions, and their equipment becomes obsolete. They can easily meet their needs for armaments through uncoordinated purchases on an international market which features an enormous pool of excess Soviet arms. Consequently, the U.S. must carefully consider how to respond to appropriate Latin American requests to purchase U.S. produced military equipment. Our purpose must be to encourage regional security approaches that will reduce the likelihood of destabilizing arms transfers.

### • Latin American Participation in Peacekeeping

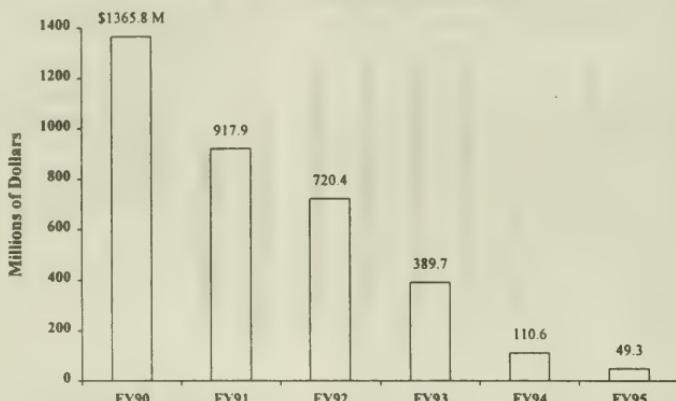
Today, Latin American countries are participating in 13 of the 17 ongoing United Nations peace operations. Participation ranges from: Argentina's extensive involvement in the former Yugoslav Republic and seven other countries; Brazil's leadership

role in UN missions in Angola and Mozambique; to Guyana's modest participation in Haiti. As noted earlier, SOUTHCOM is supporting these efforts by sharing advice, sponsoring exercises, and responding to requests for assistance.

### • U.S. Means of Influence have Been Dramatically Reduced

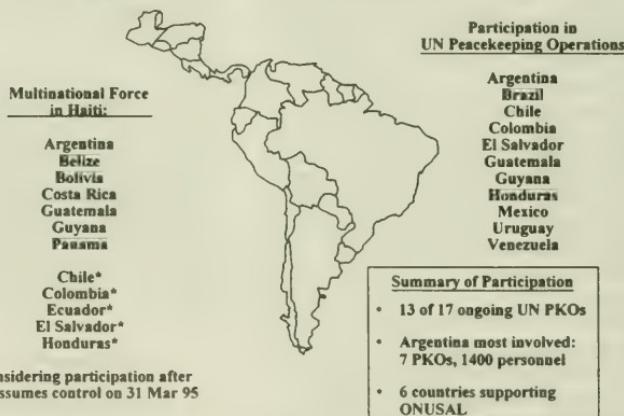
Traditional security assistance programs in Latin America have been reduced in recent years. Our Latin American neighbors in Central America are no longer threatened by Cuban and Soviet backed insurgencies. Much of our present day assistance is focused on other missions such as counternarcotics. However, we must continue to assist Latin American militaries as they develop appropriate roles and missions. SOUTHCOM strongly believes that some of these programs are critical to our U.S. goals of supporting democracy and military professionalism in the Americas. Such programs as EIMET, IMET and SOUTHCOM's Spanish language schools are key elements of this strategy.

## Declining Security Assistance in Latin America



Note: Represents total of IMET, ESF, and FMF for Latin America and Mexico

## Latin American Countries Support Multinational Peacekeeping Operations



#### • EIMET

The Expanded International Military and Education Training (EIMET) program can make a significant contribution to improved military management and strengthened civilian control over the military. By bringing uniformed and civilian Latin American leaders to our executive-level national security programs, as we do for Russian generals at Harvard University, SOUTHCOM can provide useful training to our military colleagues thereby enhancing cooperative regional security. Clearly, SOUTHCOM programs which train military leaders contribute to the development of military institutions subordinate to civilian authority and which act in accordance with the rule of law.

#### • IMET

SOUTHCOM is particularly concerned about the significant reductions in IMET. The benefits of this program extend far beyond the technical skills imparted in our military schools. Future Latin American military leaders observe our Armed Forces interacting with local communities and responding to civilian control and concerns. Because of IMET cuts, fewer students are coming to our schools. Last year only 1,518 Latin American IMET students came to the U.S. compared to 6,775 five years ago – a 75 percent cut. We are losing the ability to establish individual relationships that transcend nationality, last a career, and can be helpful in times of crisis. We must reverse this trend if we wish to remain supportive of Latin American militaries which are professional, support civilian democratic leaders, and are linked to U.S. doctrine. Your support of the President's Fiscal Year 1996 Budget which restores funding for this important program is critical.

#### • U.S. Military Spanish Language Training Institutes are Effective

The three Spanish language military schools run by the U.S. Armed Forces (the Air Force's Inter-American Air Forces Academy; the Army's School of the Americas, and the Navy's Small Craft Instruction and Technical Training School) are especially low cost, high pay-off means of interacting with the junior and mid-level military leadership of the Americas. We have no greater defense multiplier.

The School of the Americas has been the target of some bitter criticism in recent years. The Army and

SOUTHCOM have listened and have taken those criticisms into account as we have changed and revamped the School's curriculum and faculty. The U.S. Army has now assigned a military chaplain, military international law expert, and a public affairs officer to expand instruction in legal and ethical issues and to promote understanding of the role of the free press. We intend to retain the School's relevance as a center for developing and teaching appropriate U.S. military doctrine and respect for international law and human rights to the security forces of the more than 15 Organization of American States members whose principal language is Spanish. SOUTHCOM strongly believes that the School's new Commandant, Colonel Roy Trumble welcomes continued interaction and oversight from legislators and human rights organizations. Such interaction and oversight will make this critical U.S. military training institution even more useful as we and our allies continue to build democracy throughout the Americas.

#### • Humanitarian Exercises

In the past three years, over 80,000 U.S. Army and Air Force National Guardsmen as well as Reservists from all services and from every state of the Union and Puerto Rico have come to Latin America. They come to train and participate in humanitarian exercises. Indeed, many U.S. Desert Storm commanders attributed the superb combat performance of our Reserves to their peacetime deployments for SOUTHCOM exercises. As an example, in 1994, some 5,000 reservists from Maine and New York treated 15,000 patients, constructed schools and bridges, and drilled wells throughout rural Guatemala. Guatemalan Minister of Defense Mario René Enriquez remarked after seeing these military American ambassadors in action that "...if the citizen-soldier concept were to be adopted here, it would help integrate our Army with the civilian community and would result in better understanding and cooperation between both sectors." Clearly the value of these exercises cannot be measured in engineering or training terms alone.

This year reservists from Alabama and other states are performing similar tasks in El Salvador and simultaneously enhancing civil-military relations. Our ambassadors eagerly compete for these exercises. Ambassador Roger Gamble's comments on a SOUTHCOM exercise in Suriname typify their approval of these ventures, "The reservists not only

helped train soldiers, but also provided a vehicle for encouraging further civil military cooperation and getting the Surinamese Armed Forces to serve the interests of its people." However, as with other programs that entail foreign military interaction, SOUTHCOM's deployments for humanitarian activities have decreased greatly. In 1996, SOUTHCOM deployments on these exercises will be at about 60 percent of 1994 levels.

#### • Human Rights

In all SOUTHCOM's interactions with Latin American armed forces, we stress respect for the dignity of the civilian populace. We underscore the importance of a military code of conduct and of a sense of discipline in subordinate leaders and units. To this end we have invited human rights advocates from both Latin America and the U.S. to participate in SOUTHCOM conferences and exercises. Their participation in our activities promotes civil oversight of appropriate military activities. An expanded view of human rights is enclosed at Annex B.

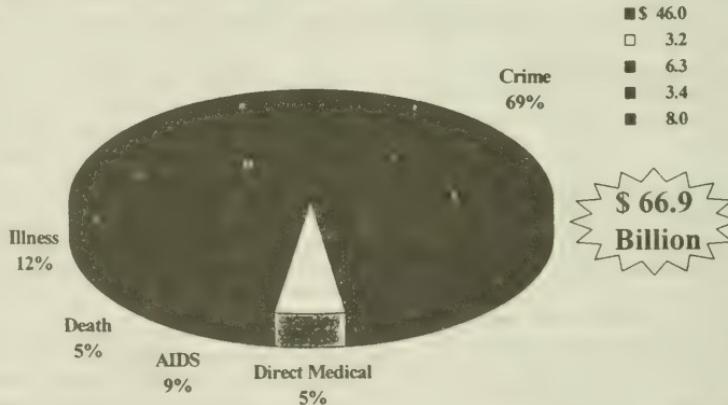
### *Supporting the National Counterdrug Strategy*

#### • The President's PDD-14 is the Right Strategy

Illegal drugs, cocaine in particular, extract a frightful toll in America. Drugs kill 10,000 Americans each year. The cost to American society exceeds \$66 billion a year. Crack babies require expensive treatment to survive, and then face the prospect of impaired lives. Drug-fueled crime, violence, and corruption affect us all. American consumers spend almost as much on illegal narcotics as we spend on our Army. The President's national Drug Control Strategy recognizes these costs and correctly addresses both the domestic problem of demand and the international problems of drug manufacturing and smuggling.

The principal task of the U.S. agencies involved in the counterdrug struggle in Latin America is to reduce the amount of cocaine (and increasingly heroin) being illegally smuggled to the U.S. All too often progress in one area has been offset by a negative development elsewhere. In Guatemala for example, smugglers

## What Drug Abuse Costs the U.S.



Source: Substance Abuse. The Nation's Number One Health Problem, Brandeis University (1993)

stopped flying in cocaine for transshipment to Mexico and poppy fields were eradicated. On the other hand, cocaine is now being smuggled directly from Colombia to Mexico using Boeing 727-sized aircraft with multi-ton loads. Most of the cocaine coming to the U.S. enters across the Mexican border.

The Department of Defense is not the lead U.S. agency in counterdrug efforts. The Armed Forces support lead U.S. agencies (DEA, DOJ, Customs, etc.) and help our Latin American allies where appropriate. SOUTHCOM receives only about one percent of the total Federal counterdrug budget (\$153 million out of \$13 billion) to support the counterdrug efforts of other U.S. agencies and committed host nations. We get approximately 22 percent of the DOD drug funds.

#### • Facing Up to the Facts

We face a dilemma in our counterdrug efforts. Our efforts over the past five or more years have not yet yielded the effect we desired. Coca growing has not diminished. The amount of cocaine produced and subsequently smuggled out to the U.S. and world markets has also remained steady. Both the street price and the availability of cocaine in the United States have not been demonstrably affected by the U.S. extensive inter-agency involvement (to include DOD's) in the counterdrug effort in Latin America. Nevertheless, a substantial amount of cocaine is being interdicted, perhaps up to a third of the total produced. We remain committed to addressing this national security threat and request your continued support of our counterdrug efforts.

The economics of the drug business is a major reason for the lack of progress. As long as there is a domestic demand, some entrepreneur will find a way to meet it. The U.S. demand for cocaine is steady and the profits to be made are stupendous. The price of a kilo of cocaine on the streets in the United States is about two hundred times greater than the price of the coca leaves required to make up that kilo. Coca farming is more profitable for the peasants involved than growing other crops – but only marginally so. However, the production, distribution, and retailing of drugs produces unbelievable wealth for the criminals involved. Much more has to be done before campesinos, traffickers, and the others involved in this business can be induced into other economic activity.

#### • Continuing Evaluation of Counterdrug Programs a Must

SOUTHCOM continues to critically assess the effectiveness of our supporting counterdrug programs. In October, SOUTHCOM and the Office of National Drug Control Policy jointly hosted an inter-agency conference to discuss how SOUTHCOM activities could best support U.S. efforts to achieve the objectives of President Clinton's PDD-14. The personal involvement of ONDCP Director, Dr. Lee Brown, our Secretary of Defense, Dr. William Perry; the DEA Administrator, Mr. Thomas Constantine; the U.S. Interdiction Coordinator, Admiral Robert Kramek; Commissioner of the U.S. Customs Service, Mr. George Weise, and the U.S. ambassadors involved in the counterdrug effort made this a useful conference.

SOUTHCOM is attempting to change the way we fight this CD war – 90 days at a time with temporary duty military positions. In Vietnam, we learned that you couldn't be effective fighting the war a year at a time. And we can't tackle this scourge which is killing 10,000 Americans a year with troop deployments of 3 months duration. SOUTHCOM will also continue to measure the effectiveness of supporting systems such as Air Force AWACS, specialized tracker aircraft, ground based radars, and relocatable-over-the-horizon radars (ROTHR). These high technology systems are now integrated in an extremely useful Andean ridge CD network to detect and monitor drug aircraft.

#### • Focusing on Peru

SOUTHCOM believes we can be more successful by focusing our support in Peru – the source of 80 percent of the cocaine that ends up on America's streets. President Fujimori and his Armed Forces have successfully checked the terrorist group Sendero Luminoso and jump-started Peru's economy. In our judgment, the Peruvians are ready to seriously tackle narco-trafficking. In the last year, they made significant progress in law enforcement operations against drug traffickers. However, they still must take significant steps to reduce coca cultivation. SOUTHCOM will continue to work closely with the U.S. Country Team in assisting the Peruvians continue to make progress in their counterdrug efforts.

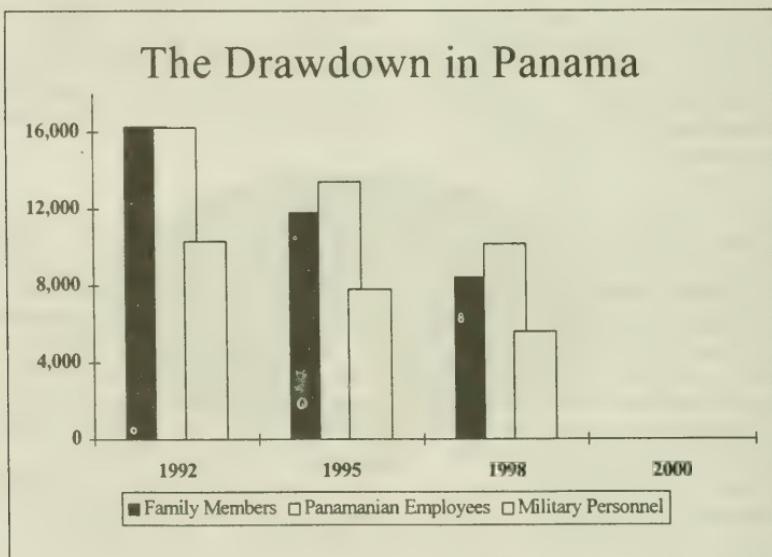
- Supporting our Allies in the Counterdrug Effort

Throughout the Andean Ridge, our allies in this counterdrug cause have shown great courage and tenacity. We have nothing but admiration for the Colombian soldiers, policemen, and public officials who risk their lives to fight this cancer. Significant tactical successes can be seen everywhere. In Bolivia, a single helicopter squadron of 22 aircraft advised by a U.S. Army Major supports counterdrug forces on raids throughout the Chapare. U.S. Navy Seals are also working effectively with the Bolivian Navy to improve their ability to conduct CD patrols on Amazonian rivers. Over the Andes, an integrated multinational detection and monitoring program allows us to track narcotrafficker aircraft carrying semi-processed coca from Bolivia and Peru to Colombia. Our challenge as we seek to help our committed allies attack the problems of drug manufacturing and smuggling is to build on these tactical successes. We must develop an overarching operational construct that links country-by-country efforts and that supports an effective regional strategy. We have a lot of work ahead if the PDD-14 counterdrug strategy is to work in the source countries of Bolivia, Colombia, and Peru.

### *Structuring SOUTHCOM for the Future*

- Remaining Engaged in the Americas

The window of opportunity for deciding how to keep the U.S. military instrument of power engaged in Latin America is rapidly closing. Over the years, our forward presence in Panama and Honduras has provided strategic leverage to support vital U.S. national security interests. Today, our bases in Panama allow our Armed Forces to play a critical role in regional counterdrug operations, to conduct humanitarian assistance exercises, to provide disaster relief, and to host exercises that help build regional cooperative security. We will have to consider how to continue those activities from alternate locations. We shall also have to assess how to provide alternatives for U.S. Air Force operations currently at Howard Air Force Base and for port facilities at Rodman Naval Station. The Jungle Operations School and Navy Small Boat School must also be relocated. The ongoing military transition out of Panama must be conducted in a way that allows us to continue to support U.S. interests in the Americas.



#### • Implementing the 1977 Panama Canal Treaty

SOUTHCOM has submitted a concept for carrying out the provisions of the Canal Treaty to the Secretary of Defense. We have received his guidance and are working with the Government of Panama to ensure compliance with all provisions of the Treaty during the last 5 years of this 20-year transitional period. There are concerns about SOUTHCOM's progress in the reversion of DOD properties to Panama. To date, the Government of Panama has accepted just 15 percent of the properties that are to be reverted. Much of that infrastructure has not been effectively converted to civilian use. Some 5,000 buildings and 77,000 acres must be reverted in the next 5 years. Panama's patrimony will be decided as the remaining facilities are reverted. The Panamanians face a challenge as they plan for the development of the remaining DOD installations and training areas.

This state of affairs does not reflect on the capabilities of the superb team assembled by Panamanian President Ernesto Perez Balladares. About half of the 20-year transitional period was squandered by the cronies of former Panamanian strongman Manuel Noriega. President Endara's Administration emphasized reestablishing democracy. Now President Balladares' Administration can focus on the reversion process for DOD properties. SOUTHCOM is firmly committed to creating the conditions that will allow the Panamanian people to succeed in this critical process.

#### • The Drawdown in Panama Continues

In 1994, SOUTHCOM inactivated the 193d Light Infantry Brigade which had been stationed in Panama. This year, nearly all military facilities on the Atlantic end of the Canal will be reverted to Panama. Only the Jungle Operations Training Center and an unmanned communications site will remain under U.S. control. All military families will depart the Atlantic side. The Government of Panama must cushion the economic effects of the shrinking U.S. presence on the Panamanian economy for the Department of Defense is the second largest employer in Panama after their own Government. In the next 3 years approximately 3,000 more troops and 5,000 family members will depart Panama as part of the continuing drawdown. The multiplier effects on the Panamanian economy of the \$450 million in annual salaries paid by the Department of Defense to troops and civilians will

soon be lost along with the more than \$100 million spent each year on goods, services, and contracts.

#### • Relocation of SOUTHCOM Headquarters

As part of the withdrawal from Panama, we hope to move SOUTHCOM Headquarters to a new location in 1998. A SOUTHCOM study recommended both criteria and specific locations for consideration by the Secretary of Defense. We expect a decision soon. One of the study's principal conclusions is that the future site of the Headquarters must allow SOUTHCOM to continue its steady focus on political-military developments in the Americas into the next century. Clearly, there are several locations that lend themselves to that essential task.

#### • Effect of U.S. Military Drawdown in Panama on U.S. Security Interests

Many question how this U.S. military withdrawal from Panama will affect our national security interests. The short answer is, it won't. SOUTHCOM believes we have no vital military or economic interest directly at stake in Panama which we cannot support through some other strategy. Only 14 percent of our seaborne trade goes through the Canal. About 80 percent of our Pacific container traffic now goes via inter-modal links within the U.S. The other 20 percent goes through the Canal. Just 15 years ago these figures were reversed. However, under the Neutrality Treaty, the U.S. Armed Forces have a permanent responsibility to defend the Panama Canal. We will work with the Republic of Panama to develop ways to discharge that responsibility.

SOUTHCOM understands however, that the effective operation of the Canal is vital to Panama's economic stability and to nations such as Chile, Ecuador, and Peru that depend on it to trade with the world. To date Panama has proved it can manage the Canal. More than 90 percent of the employees of the Panama Canal Commission are Panamanian citizens. The real issue is whether Panama can retain the confidence of the international shipping industry that bases ship building decisions on predictions of shipping patterns 5 to 10 years out. Clearly they will take into account the military security of this vital international asset in light of the continuing drawdown of the U.S. military force presence.

- **SOUTHCOM Positioned for the Future in 1998**

By 1998, our troop strength in Panama will be approximately 5,600. This will be a dramatic reduction of almost 50 percent since 1992. SOUTHCOM Headquarters will hopefully have moved to a new U.S. based location. Remaining U.S. military forces in Panama will be clustered in just a few Pacific side DOD facilities. SOUTHCOM will be prepared to complete the U.S. military withdrawal by December 31, 1999.

### **V. Quality of Life**

SOUTHCOM is particularly concerned with the requirement to maintain a satisfying quality of life for our soldiers, sailors, airmen, Marines, DoD employees and their family members. In recent years, as our military forces have been reduced, operational deployments have actually increased. The deployment of sizable U.S. reinforcements to Panama and Suriname this past year to conduct migrant operations are just two of many such world-wide deployments. This increased operational tempo takes its toll on our troops and their families. We must keep an eye on it, for retention rates may decline if our military families decide they are being asked to do too much. SOUTHCOM urges the Congress to support the Fiscal Year 1996 national defense budget and the Fiscal Year 1995 supplemental budget request thereby keeping our long-standing commitment to the superb young men and women who serve in its armed forces by maintaining both readiness and a decent quality of life for troops and their families.

### **VI. Conclusions**

At the Summit of the Americas, President Clinton characterized Hemispheric relations by saying, "We are bound together by geography, by history, by culture, but most important, now by shared values – a ferocious devotion to freedom, democracy, social justice; and determination to improve the lives of all our people..." SOUTHCOM believes that Latin America is a region where we can create win-win policy outcomes.

Our national interests in the Americas can be supported by fully engaging with all instruments of U.S. national power to achieve the objectives we share with our allies: economic growth; democratic government; regional security; and control of transnational dangers such as terrorism, drug trafficking, and the migration of people. With Congressional support, the Secretary of Defense can continue to ensure that SOUTHCOM plays an important supporting role in this critical region.

**Annex A****U.S. Southern Command Forces Assigned****• Ground Component**

SOUTHCOM's Ground Component, U.S. Army South (USARSO), is located at Fort Clayton, Panama and is commanded by Major General Lawson Magruder. Its principal forces include an infantry battalion, the Army's Jungle Operations Training Center, and aviation, engineer, intelligence, logistics, and military police units. As a result of the gradual drawdown in anticipation of our pending departure from Panama, USARSO relies on augmenting forces from the United States to accomplish most of its tasks in Latin America.

**• Air Component**

Air Combat Command's 12th Air Force, headquartered at Davis-Monthan Air Force Base in Arizona, is SOUTHCOM's Air Component – U.S. Southern Air Force (USSOUTHAF) – and is commanded by Lieutenant General Thomas R. Griffith. It maintains a forward element, the 24th Wing at Howard Air Force Base, Panama. Limited Air Force assets in Panama include the Air Force's only short take-off and landing squadron. USSOUTHAF operates an Air Operations Center for the coordination of U.S. transport aircraft transiting the region and aerial operations in support of regional counterdrug efforts.

**• Naval Component**

The Naval Component, led by Admiral Bud Flanagan, Commander-in-Chief, U.S. Atlantic Fleet, has several small commands in Panama, including a Naval Special Warfare Unit and a Special Boat Unit. The Navy also operates a Spanish language school, the Naval Small Craft Instruction and Technical Training School. This school teaches riverine operations and small craft maintenance to Latin American navies and coast guards and trains U.S. experts who deploy throughout the Americas to establish similar programs and advise their counterparts.

**• Marine Component**

SOUTHCOM's Marine Component, II Marine Expeditionary Force (II MEF), located at Camp Lejeune, North Carolina, is commanded by Lieutenant General Robert R. Johnston. II MEF will be represented in Panama by a planning element beginning later this year.

**• Special Operations Forces**

The Special Operations Command South (SOCSCO) is a sub-unified command and is located at Albrook Air Force Station, Panama. SOCSCO is commanded by Brigadier General Kenneth Bowra, U.S. Army, who exercises Operational Control (OPCON) of all theater-based Army Special Operations Forces (SOF) and of deployed Army, Navy, and Air Force SOF. Due to their regional focus, cultural sensitivity, and language proficiency, Special Operations Forces are uniquely qualified to participate in a broad range of military activities throughout the Americas. On an average day, SOCSCO has two hundred troops deployed in eight different countries.

**• Joint Task Force-Bravo**

JTF-Bravo is located at Soto Cano, Honduras and is commanded by Colonel William Leszczynski. SOUTHCOM has conducted a bottom up review of its force structure and missions. JTF-Bravo will play a key role assisting the region's armed forces to restructure to meet changing security requirements. JTF-Bravo is downsizing to 499 soldiers and airmen who will continue to operate a C-5 capable air base almost 2,000 miles south of Charleston, South Carolina. JTF-Bravo also organizes multinational exercises and supports humanitarian, counterdrug, and disaster relief operations. SOUTHCOM gains enormous strategic leverage from this small joint unit.

**• Joint Task Force-Panama**

JTF-Panama is commanded by the USARSO Commander. It works in consonance with the U.S. Embassy, Panama and the Government of Panama to

**Annex A**

identify and carry our humanitarian and civic action projects within the Republic of Panama.

**• Security Assistance Organizations**

SOUTHCOM's sixteen Security Assistance Organizations (SAO) in Mexico, Central, and South America are integral members of our U.S. ambassadors' country teams. They do much more than manage our relatively small traditional security assistance programs. They are our principal liaisons to the region's militaries. In most cases they oversee all U.S. military activities in each country. Finally, they personify U.S. commitment.

The men and women on our SAOs are our nation's strategic scouts; they know the players and the culture. Our attachés cannot take their place. Last year SOUTHCOM conducted an expensive humanitarian operation, the building of a migrant camp, in Suriname -- a country in which we have no SAO. We will have been ill-served if for want of a space we have no permanent military representative in whatever country we next deploy to for a peacekeeping or humanitarian purpose.

**Annex B**

## **Role of the Armed Forces in the Protection and Promotion of Human Rights**

**General Barry R. McCaffrey, Commander in Chief, U.S. Southern Command**

### **Keynote Address at the Conference of The National Armed Forces as Supporters of Human Rights 10 August 1994**

**U.S. Army School of the Americas, Fort Benning, Georgia**

It's a pleasure to be with you today. I'm especially happy to be addressing this audience. Officers from fifteen Latin American countries have joined officers from our four services and from our active and reserve components to discuss to how the Armed Forces can be supporters of human rights. I'm particularly pleased that we've also included in our deliberations businessmen from Central America and the Caribbean. I'd like to begin by introducing the members of the Southern Command Human Rights Steering Group who have come up to the School of the Americas with me today. This group has as its mission integrating human rights in all our programs and exercises. I've also asked them to explore how Southern Command can support the different governmental and non-governmental organization that are actively promoting human rights throughout Latin America.

#### **Modern Sources of Human Rights**

You can find in common law, in the United Nations General Assembly's declaration of 1948, and more importantly for those of us in this room, in the OAS Charter, clear statements of the rights of men and women. The American states, have jointly reaffirmed a set of principles. All our governments subscribe to them. This is a policy for all Americans - north, central, and south. It forms a spiritual bond, I would suggest, among those of us in this hemisphere

#### **Modern Sources of Human Rights: The OAS Charter and Human Rights**

The American States reaffirm the following principles

- Social justice and social security are bases of lasting peace
- The American States proclaim the fundamental rights of the individual without distinction as to race, nationality, creed or sex
- Each State has the right to develop its cultural, political, economic life freely and naturally. In this free development, the State shall respect the rights of the individual and the principles of universal morality.

Our political leadership and our peoples have agreed that social and political justice is essentially the basis for a lasting peace. We've also agreed that our people have certain fundamental rights. We know too that these rights don't come from us who have guns and they don't come from the political leadership. They come from the nature of man. And I think that all of us in the hemisphere recognize this and that this recognition forms the basis for the declarations of the OAS on fundamental individual rights.

#### **Human Rights and Democracy**

My own president, one of the most educated and intelligent of our heads of states certainly in this century, is a person whose values are formed by

**Annex B**

absolute respect for the individual. These are his views on human rights:

**President Clinton:**

Democracy is rooted in compromise, not conquest. It rewards tolerance, not hatred. Democracies rarely wage war on one another. They make reliable partners in trade, in diplomacy, and in the stewardship of our global environment. And democracies, with the rule of law and respect for political, religious, and cultural minorities are more responsive to their own people and to the protection of human rights.

UN General Assembly  
27 September, 1993

He expressed these ideas last September in an address to the UN General Assembly. This was a fundamentally important thing for him to do, to go up and express our society's values. His message was 'this is our motivation, this is what we stand for.' This it seems to me, is a fundamental aspect of this discussion of human rights. Democracies, because of the consensual nature of their political and civil societies, are fundamentally respectful of human rights.

Let me share another very useful quote with you. One made by our Assistant Secretary of State for Human Rights and Humanitarian Affairs, Mr. Shattuck. It's helped clarify my own thinking.

**John Shattuck:**

Human rights, democracy and the rule of law are not the same. But they are complementary and mutually reinforcing. Fundamental rights are best guaranteed by basic institutions of democracy: a free press, an independent judiciary, a vibrant civil society, freely contested, transparent and meaningful elections. Democracy – the rule of, by, and for the people – is only possible in a political and social order that fully respects the rights of each and every man, woman, and child in society. Governments that do not respect the rule of law are by definition lawless.

29 August 1993  
Assistant Secretary of State  
for Human Rights and  
Humanitarian Affairs

The point Mr. Shattuck makes, the one that is probably most useful to all of us here, is that there is a linkage between this subject of human rights, this

principle of the rule of law, and the fundamental values of democracy.

And finally, I'll offer you Sun Tzu's thoughts on what laws mean to the commander. What would any sort of presentation be like without at least one appeal to a noted military philosopher?

**Sun Tzu on the Commander:**

Laws are regulations and institutions. Those who excel in war first cultivate their own humanity and justice and maintain their laws and institution.

The commander stands for the virtues of wisdom, sincerity, benevolence, courage, and strictness.

**The Art of War**

I do think that you will find as you go through the writings of each significant military thinker, twentieth century or earlier, expressed in one form or another, Sun Tzu's thoughts on a commander's responsibilities. You will recognize the idea that a commander's actions are a reflection of his values. This idea may be expressed in different ways. However, there is I think, a universal recognition that armies and their leaders must subscribe to some higher moral code.

**Facing the Past**

One of the problems we must deal with as commanders is the legacy of our previous actions. There is a history to each of our military forces. Some of it is painful; none of it will go away. A people, a state, an army that can't face up to its own past, can't learn from it. Inevitably, the past will block progress to the future until it's dealt with. It seems to me that until each nation's military leadership and the institution itself faces up to that history, they cannot move ahead. That's just what the U.S. Armed Forces have tried to do.

The most useful insights we in the U.S. Armed Forces have learned about human rights occurred as a result of studying our past. We have our own history of problems with human rights abuses. Many of them occurred during the small wars we fought on our frontier during the 19th Century against Indian tribes; the Sand Creek massacre comes to mind. Some of these tragedies are more modern. The truth is we've had incidents of human rights violations in every war we've fought. After all, we are dealing with imperfect people and their leaders.

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The most notorious incident of course in recent U.S. history is the My Lai massacre, which I know you already discussed. We've learned much from studying that incident. Studying it was painful, but the Peer's Report and the many other investigative works that analyzed the root causes have helped us to better protect and promote human rights. I'll talk more of lessons learned from that incident, and how it's affected generations of officers, like those of us here from Southern Command who are in this room today.

**Winning the War and Losing the Peace****Establishing a Proper Command Climate – Two Opposites from American Military History****General William T. Sherman**

We are not only fighting hostile armies, but a hostile people, and must make old and young, rich and poor, feel the hard hand of war, as well as their organized armies

If the...[civilians in the South] raise a howl against my barbarity and cruelty, I will answer that war is war, and not popularity seeking. If they want peace, they and their relatives must stop the war.

**General Robert E. Lee**

No greater disgrace can befall the army and through it our whole people, than the perpetration of barbarous outrages upon the innocent and defenseless. Such proceedings not only disgrace the perpetrators and all connected with them, but are subversive of his discipline and efficiency of the army, and destructive of the ends of our movement.

I would also like to briefly discuss what we've learned from the conduct of generals Robert E. Lee and William T. Sherman during our Civil War. There could not be in American military history a more clear cut contrast in treatment of noncombatants than that posed by the attitudes of these two military commanders. There is, I would suggest, no doubt that General Sherman waged devastating war on the South, ruthlessly much as the Germans did in Russia in World War II. Of course, he also won. But was his approach, making the "old and young, rich and poor, feel the hard hand of war, as well as their organized armies" the most effective course of action? I think we all need to think about this question.

Today, nearly 130 years later, General Lee is still revered as a man of integrity and principle. But he lost. Why then would we argue that his lessons are the ones that should hold value for us today in 1994 as

we study our own problems? Let me attempt to answer this question. Winning a war is a reasonably easy proposition. It involves energy, courage, violence, and organization. Winning the peace, is a far more difficult thing to do.

General Sherman's actions, his barbarity and cruelty, created a hundred years of bitterness in the American South; some aspects of which endure today. General Lee on the other hand, consistently espoused values which were not and are not a military weakness. Those values are a source of consistent strength because they preclude an army dissipating its strength on wanton acts of destruction and do not create a requirement to defend gains because of enduring hostility from the civilian population. So I would suggest to you that those are the kinds of lessons to learn and values we can appreciate by examining our own past.

**When is an Operational Commander Liable?**

I won't go into this in too much detail because it really is a lawyer's subject, but there are two basic standards to which every commander needs to adhere. The first is the Medina Standard, the second is the Yamashita Standard.

**Preventing Violations of the Law of War**

When is the commander liable for his subordinates' actions?

**The Medina Standard**

If he or she ordered the crime committed or knew that a crime was about to be committed, had power to prevent it, and failed to exercise that power

**The Yamashita Standard**

If he should have known of the war crimes and did nothing to stop them. (Applies only when the war crimes are associated with a widespread pattern of abuse over a prolonged period of time. In such a scenario, the commander is presumed to have knowledge of the crime or to have abandoned his or her command).

The former was adopted as a result of My Lai and Captain Medina's failures. He allowed some 300 Vietnamese civilians to be murdered at My Lai. This standard is the one to which we now hold our own military leaders. That is, if a captain, colonel, or general knows of a human rights violation or war crime, and takes no action, then he or she will be held

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criminally liable. That's what we teach everyone here at this institution, at the School of the Americas.

The latter, the Yamashita Standard was named for the Japanese general who was tried after World War II and found responsible for the atrocities committed by the troops serving under him as commander in the Philippines. The court concluded that he failed to control his forces, in Manila in particular, and allowed his forces to ravage the civil population. General Yamashita was executed for his role in these widespread atrocities.

**Contributing Causes to Human Rights Abuses**

The U.S. Armed Forces have learned through study of our own history. We've learned that there is a cluster of institutional problems that contribute to human rights abuses. When we see any of these occurring, we ought to recognize that the likelihood of a human rights abuse incident has just increased.

- Institutional Problems
- Poor Leadership
- Poorly trained or ill-disciplined troops
- Unclear orders or missions
- Tendency to dehumanize the enemy
- High frustration level among troops
- Poor understanding of the complexities of unconventional war
- High casualties

Perhaps we could discuss some of the key lessons we've learned from our own mistakes. We should begin by emphasizing that the two most common contributors are poor leadership and poorly trained or ill-disciplined troops. Allow me to briefly address some of those contributing institutional problems:

**Poor Leadership.** Units that have poor military leadership will have problems with human rights. We know that. We know that troops will do in combat exactly what they do in training; that if they are poorly trained and ill disciplined, then they cannot fight effectively. We saw that watching the Iraqi army for eight months before Desert Storm and then watching them under fire. We also know that poorly led and ill-disciplined forces will not respect the rights of

noncombatants, prisoners of war, nor private property either.

**Tendency to Dehumanize the Enemy.** One of the things my Division Command Sergeant Major and I absolutely would not tolerate as we prepared to fight the Iraqis in the months leading up to Desert Storm was the use of labels ascribing the Iraqis as less than human. We believed that creating those attitudes, indeed tolerating their use, increased the chances that they would then be treated in a less than humane manner.

**High Casualties.** We've also learned that high friendly casualties lead to frustration, particularly if you combine them with gruesome injuries. Daily losses resulting from an invisible enemy are especially difficult for an Army trained to fight a conventional enemy. In such circumstances, so typical of internal wars, we know the temptation increases for our soldiers to seek retribution on the perceived enemy civil population. Strong military leadership then becomes so much more important.

So all of us as military commanders must always be on the look-out for these indicators. We have to ensure that our leaders at the squad, company, and battalion levels can recognize and deal with these problems before they become incidents. We do this through more effective human rights training to avoid future breakdowns in leadership.

**How to Avoid Human Rights Abuses**

How do operational commanders go about avoiding human rights abuses? Let me offer you some obvious and not so obvious thoughts:

**Zero Tolerance of Abuse.** We had a great debate in my own division, the 24th Infantry Division prior to the war against Iraq. Our lawyers were trying to persuade me that I could not state in an annex to our division order a directive that if you committed a war crime you would be arrested and sent back out of Iraq to Saudi Arabia. But the concept the Command Sergeants Major, the Colonels, and I had to uphold was that if you mistreated prisoners, civilians, or property, we would not allow you the honor of continuing to fight. We would send you to the rear in disgrace and handcuffed. I was convinced and am still convinced that as military professionals we have to state that there is no acceptable level of violence

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against civilians. There should be zero tolerance when it comes to abusing human rights. That must be the point of departure for all of us.

**Human Rights Training.** It seems to me that human rights training is one of the greatest challenges for those of us in uniform. How do you address the issue without suggesting that respect for the enemy, his soldiers, and civilians detracts from the central objective of winning the conflict?

How do you explain that respect for human rights actually contributes to military effectiveness? How do you impart instruction without appearing to paternalistically lecture? You and I have to sort this out because we have to talk to our own sergeants and captains and ourselves about this challenge.

**Rules of Engagement.** Let me also offer some thoughts on this subject from personal experience. The initial rules of engagement for my Division in Desert Storm were published as a 12-page document. It seemed to me that they would be impossible to understand unless you were a Lieutenant Colonel with a law degree – who had a desk, a light, and some time to think. They were of little use to the sergeant, to the tank company commander, or to the brigade operations officer. So we said, "Look, rules of engagement are not a tool of lawyers, they're a tool of commanders." And we must be able to express these instructions in a way that is helpful to a 25-year old captain or a 20-year old private. So we put them on cards, made them simple, and didn't state the obvious. The obvious are the Ten Commandments. The less obvious are: do not tamper with places of worship, do not go in them; do not fire on built up areas without permission from your battalion commander, etc.

Rules of engagement, it seems to me, must be written for easy use by soldiers and their combat leaders. There is, however, no question in my mind that rules of engagement must not put our own military forces at risk. You cannot place your troops in danger without giving them adequate means of protection.

**Treating Soldiers with Respect.** Perhaps this too should be obvious. However, it is not always understood that soldiers treat civilians, prisoners, and other people's property as they themselves are treated. So if we treat our own soldiers with dignity under the rule of law, with some sense of compassion, then they

are much more likely to act in a similar fashion toward the civil population.

**Lead by Example.** All of us know that the opening days of combat in a new conflict are the most difficult. The young men and women of the force do not know exactly what is appropriate conduct. They are waiting for you and me as professionals to tell them. They are watching us and waiting for us to show this appropriate conduct by our own actions. And that's how they in turn will act.

**Control your Troops.** Allow me, if I may, another personal observation. I was a company commander in combat in Vietnam. Normally, I would have somewhere between 70 to 130 soldiers in my command. We knew that eventually, without question, everyone of us would be killed or wounded. Sooner or later you would be a casualty. You were highly unlikely to go a month as a lieutenant or six months as a soldier without being killed or wounded.

In this combat environment of enormous violence and danger there was another central concern I had as a combat infantry company commander. I knew that in my company at any given time there were one, two, or three soldiers who were like caged animals awaiting release. However, the overwhelming majority of my soldiers, because of the influence of their families, their schools, their churches, and yes, our Constitution – were incapable of carrying out human rights violations. The one, two, or three were criminals waiting for the opportunity to strike. And so the challenge again, I would suggest, is how do you treat a unit honorably while recognizing that you have to guard against the criminals who are inside every army in the world. I would also suggest that our most important responsibility is to guard against letting criminals into our officer corps.

#### Honorable Conduct Pays Off

I would also suggest that all of us who have commanded forces in combat know that respect for the dignity of the people you are protecting or the dignity of the people among whom you are fighting pays off in the end. If you act as the German SS units did in the Ukraine during World war II, slaughtering, pillaging, raping, plundering, then you will turn an entire nation and people against you. And the same is true during internal stability operations and during unconventional warfare. Adherence to the Geneva

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Convention, respect for dignity and human rights pays off for you and me as operational commanders.

Whose position would you rather be in? That of a German SS commander facing the enmity of an entire nation? Or that of an allied commander in the Gulf War facing an army that would rather quit than fight and whose soldiers are eagerly seeking the safety that comes with surrender to your forces? I suggest to you that we, the operational commanders, can control to a certain extent which position our forces adopt. If we instill a code of conduct and a sense of discipline in our subordinate leaders and in our units, they will treat all with whom they deal in both peace and war respectfully. We will not have abusive forces.

Finally, let me end by sharing with you an idea of José San Martín:

**José San Martín:**

The nation does not arm its soldiers for them to commit the indecency of abusing said advantage by offending the citizens who sustain them through their sacrifices.

Mendoza, 1816

I think this is a useful idea to end with. Armed forces spend very little of their time actually fighting. Instead, most of their energy is dedicated to preparing themselves for eventual employment. In these peace time activities, they interact continuously with their fellow citizens – recruiting new soldiers, living alongside civilian communities, purchasing goods and services, or participating in the national debate about what constitutes proper force structure, roles, and missions.

Our experience has been that our citizens are supportive of the armed forces if they think highly of us. How do they form their impressions of us? They form them when their sons and daughters – our soldiers, sailors, airmen, and Marines – go home and tell their families and friends that they are treated well while they serve. They form them every time they come in contact with the armed forces: when they see a soldier traveling on leave; when they see a military convoy; and when they live beside a military base. Finally, they form them when they see us in action in a conflict or in a peaceful mission.

Consequently, our every action in peace or war affects the very prestige of our institution. We must always protect our honor. A single incident, another My Lai, will cause long term damage to our institution.

The CHAIRMAN. Thank you gentlemen.

Mr. Dellums.

Mr. DELLUMS. Thank you very much, Mr. Chairman. I have a number of questions. In the interest of engaging a number of our more junior members, I would reserve my time and come near the end.

The CHAIRMAN. Thank you, Mr. Dellums.

Mr. Cunningham.

Mr. CUNNINGHAM. Thank you, Mr. Chairman. You know I found it of interest in both your testimonies—I did not realize that we were still—I knew we had some, but the amount of the Cubans and the Haitians that were still there.

As I understand it, those dollars in 1995 are coming out of our O&M accounts, that \$1 million a day?

General SHEEHAN. Yes, sir. The cost of Cuban migrants at Guantanamo Bay Cuba is just at about \$1 million.

Mr. CUNNINGHAM. So, that does detract from military readiness.

General SHEEHAN. It is currently being paid out of O&M accounts on the part of forces command and the U.S. Navy.

Mr. CUNNINGHAM. So I also understand it, in 1996 there is no additional sums to meet those requirements in 1996 which will further degrade military readiness.

General SHEEHAN. It is my understanding there is no money for the Cuban account in 1996.

Mr. CUNNINGHAM. You said for 20,000 of the Cubans there is no plan to repatriate them. Of the Haitians, do we plan on—you know, it may be a State Department question. Do we plan on returning those folks to Haiti?

General SHEEHAN. We have 582 Haitians left at Guantanamo Bay, Cuba. We will eventually, hopefully, return all of them to Haiti.

Mr. CUNNINGHAM. This year, General?

General SHEEHAN. I hope to be able to get them all sent back to Haiti this year.

Mr. CUNNINGHAM. I also plan on finding out exactly what our costs are in Haiti. I also understand that we are paying all military costs for the Haitians except for their pay. That is their housing and that is everything else which I also understand is coming out of DOD budgets which further diminishes readiness. Is that a fact?

General SHEEHAN. No, sir. I do not think it is completely accurate. We are paying for the—piece of the payments and some uniforms, but the money for the Haitian Government is coming out of developmental funds, I believe, out of the State Department, some \$15 million.

Mr. CUNNINGHAM. Again, this is probably not a question for this panel, but I would also like to find out the exact costs, the billions of dollars that we sunk in after the extension of Somalia. I know that Aideed is still there. We still have a problem there. I yield back the balance of my time.

The CHAIRMAN. Mr. Skelton.

Mr. SKELTON. Mr. Chairman, I think Mr. Dellums set a good example in view of the fact that a number of the junior members have not had the opportunity in recent hearings to ask questions

and I did have a chance to visit with these folks prior. I will reserve my time.

The CHAIRMAN. I thank the gentleman. You all are setting a good example.

Mr. Bartlett.

Mr. BARTLETT. Thank you very much. With the spirit of what the others are doing, I will be very brief. Are we sufficiently self-contained in our forward presence that we are relatively unaffected by the falling dollar?

General MCCAFFREY. I am not quite sure I have a decent answer to that. We spend a lot of money locally in Panama. To be honest, Panama is insulated since its currency is the dollar. I would not think, so far, I have seen any impact, international economic conditions on our operations.

General SHEEHAN. I can only speak in my particular service, the Marines forward-deployed in Okinawa. When you change exchange rate the utility cost and the cost of doing business in the Japanese theater go up exponentially.

I can take that question for the record and get the Department of the Navy to get back with you an answer on what the impact is on the dollar, the exchange rate, and what it costs us to do business in terms of utilities.

Mr. BARTLETT. Do we have a policy in place to deal with this so our young men and women are not too adversely affected?

General SHEEHAN. There is a COLA process for which forward deployed forces, and I believe it is done on a quarterly basis where they assess what it cost to live on the economy, what the economic impact is. The rates are adjusted. So, there is a process.

General MCCAFFREY. That is correct. The people who live offpost are insulated, we hope, from being affected by that.

Mr. BARTLETT. I have a question about Panama. I understand from some surveys among the general population there that a big percent of their people are not really enthusiastic about all of the Americans leaving, or a great number of Americans leaving, there when the canal is finally turned back to Panama. They would like a reassessment of that commitment. Do you see this in your interface with the Panamanians?

General MCCAFFREY. The answer would be that there is an 80-year history of friendship and cooperation between Panama and the United States at all levels; from our soldiers and their families on up through the senior military leadership.

That continues to this day. The Panamanians are extremely supportive of our presence and so has been the new government. At some point, our own Government and Panama will address these issues. I would tell you it is a very supportive environment indeed.

Mr. BARTLETT. In your judgment, the Panamanians would not be opposed to a reassessment of what is planned for the future?

General MCCAFFREY. I think, Mr. Congressman if I may, what is absolutely fixed in their mind and in ours is our requirement to completely comply with the Panama Canal Treaties. I think the transfer of sovereignty in operation of the Panama Canal is essential and it is on track. They are actually running it right now. Some 90 percent of the workers and the administrator are Panamanian already. So, I would separate that question from the associ-

ated question which is the role of a continuing United States military presence in Panama. That is subject to review by our own Government and theirs at some point.

Mr. BARTLETT. That military presence would be adequate, in your judgment, to assure our national vital interests. They would be protected.

General McCAFFREY. Well, I do not know how this review would come out. The treaty requires, and the Federal law that implemented it required, this question to be addressed by both the United States Government and Panama. They will do so at some point down the line.

I would underscore though that this is perhaps an odd statement. We have a responsibility forever to defend the Panama Canal by the treaty. We will have to exercise that responsibility in some manner. There really is no current military threat to the Panama Canal. In its best protection, of course, are the Panamanian people who operate it and whose livelihood and future is so bound up in its success. I wouldn't, certainly in the short term, see a threat to our own national security interests in terms of defense of the canal.

Mr. BARTLETT. Thank you, Mr. Chairman. I yield back the balance of my time.

The CHAIRMAN. Mr. Sisisky.

Mr. SISISKY. Thank you, Mr. Chairman. I will agree with my other senior members, except for one thing. General Sheehan, in your statement you described USACOM. I think for the newer members here, maybe if you could just do in a couple of minutes what you really do. It is the newest command I think we have. I think it would be a good idea.

General SHEEHAN. The concept of USACOM was an outgrowth of a concept that General Powell had in terms of efficiency that might be gained from putting all of the combatant forces in the United States under one commander to ensure that the spirit and intent of Goldwater-Nichols took place, in terms of joint training, joint operations, and some efficiencies which would gain from that.

It has been in existence for almost 2 years now. As a result, some of the benefits that have accrued from this is that we have reduced the total number of training exercises that traditionally have been done from 23 down to about 4 or 5. That is a significant cost savings. We are also in the process of working with the other forward CINC's to define what we call joint mission essential tasks that define how CINC's fight in forward areas.

This would allow more efficiencies, better interoperability in forces that are organized and trained for deployment should a crisis response be required. That means that U.S. Forces now can fight on arrival as opposed to spending 5 or 6 weeks trying to figure out how the parts fit together when they get there.

The most exciting piece of what we are doing is in building what we call the tidewater advantage; tying together the intellectual capability, the Armed Forces Staff College, the Joint War Fighting Center, and the Joint Training and Simulations Center in the Tidewater area; the ability to model and simulate many of these types of environments with real world intelligence and where the forces are going to have to fight.

As a result, what we will actually build is a database that you can analyze different courses of action should we have to deploy forces forward. It is a very exciting place. It is a very small command.

Right now, there are only 350 people in the command. We are doing with technology what traditionally we have done with large numbers of people. I will tell you that if we are successful in doing all of the things we need to do, then we should be able to produce far more efficient forces at much less cost.

The CHAIRMAN. Thank you very much. Mr. Buyer.

Mr. BUYER. Thank you, Mr. Chairman. I have several really quick questions. General McCaffrey, as I listened to you, if I had closed my eyes, I would say that you are a member of the State Department as opposed to having some stars on your shoulders; if I were to just listen and not actually look forward.

Help me out here for a second. I want to make sure that I am not going to walk out of this room with an inconsistency. In your testimony before the Senate, it did not appear that you were favorably impressed with the war on drugs. Your statement here this morning was a compliment to the White House on a well-balanced effort.

Is that because—you were not called to the White House; were you? Were any statements changed or modified; if you would help me out?

General McCAFFREY. No, I take it as a compliment though. I sounded like I was a part of the State Department. Like most Irish boys, we either went into the police or the Armed Forces.

Let me, if I may, underscore again, and I have a written statement submitted for the record, it is largely the same statement that I submitted to the Senate, we updated it to take into account changes in the Cuban situation; that kind of thing, my fundamental views on the drug situation have not changed in the last several months. We had a very detailed solid review of it in the fall. Lee Brown and others, Bob Kramek and I and Tom Constantine spent the better part of a week in some very serious discussions trying to sort out what is the truth and where should we go.

The truth is illusive in this area as in others. My basic viewpoint, if I may underscore again, is that we have got a good strategy. PDD-14 backed off the question and said, don't try and focus only on interdiction. It won't work. You have to have a more coherent, balanced approach to this problem.

You have got to go after demand. You have got to go after supply. You cannot also give up on interdiction because the defense of American airspace and its sea frontiers is a matter of principle and something we ought to do. It suggested that we have a more balanced approach.

Now, that is at the strategic level. At the tactical level, and I am a reasonably small piece of the drug effort; \$153 million last year. It is about 1 percent or less of the total U.S. Federal dollars that are spent on this effort.

I am about 20 percent of the Department of Defense effort. If you will look at the SOUTHCOM programs that I am running, some of them are absolutely superb. All of them make sense.

If you back off it, it has not, in fact in the last 5 years of devoted effort by some very bright and determined people, have not yet reduced the availability and price of drugs on the streets of America. It is still killing 10,000 of our young people a year.

Out of that, what we have concluded is that we need to rededicate our effort. That it will not be a cheap fix. It is not a high technology problem alone. It is not a war to be won in a year or three. It is something that we have to face up to for a decade. Mr. Congressman, those are my views.

Mr. BUYER. You continue though to stand by your position that the military is not the most appropriate tool?

General McCAFFREY. There are an awful lot of things that we can do and we do effectively. The air interdiction piece, we are awfully good at. Anything the U.S. Air Force and the Navy—we run a counter-drug operations center in Panama at Howard Air Force Base.

We have got AWACS, Army ARL. We have some covert programs we are running. We do a real good job at that kind of thing. We have Air Force ground-based radar stations, five of them, deployed. What I would suggest to you is that we won the war mostly against the mafia with legislators, prosecutors, police officers, and also a reduction in demand.

General Sheehan and I are in an institution which has almost eliminated drug use in the U.S. Armed Forces. I am personally pretty confident we can lower the demand also.

Mr. TAYLOR. Would the gentleman yield?

Mr. BUYER. In just a second. When you have made the statement, the military is not the most appropriate tool, when I look at that, I look at that in agreement by saying that other agencies should take a lead and where appropriate you can be helpful.

I just want to make sure there are not some that are saying, well, if the military is just sitting our there we can find missions for them to do. Thank you. I am sorry. I just ran out of time.

The CHAIRMAN. The gentleman has the time and it is about to expire, I am informed.

Mr. TAYLOR. Mr. Chairman, just one sentence. If the gentleman would yield long enough to, when you made the sentence that within the military you have just about reached a drug-free environment. Is that not the result of random testing or at least is not random testing an important part of that?

General McCAFFREY. I think it is an important part of it, yes. To be honest, I think the best of it is we are getting some of the finest young men and women in America as volunteers into uniform and drugs is not a part of their life.

Mr. TAYLOR. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman. General Sheehan, we are almost halfway through the 1995 fiscal year. Congress has had before it now for over a month the supplemental appropriation for the military. You enumerated in some of your beginning remarks what the consequences are going to be if you don't get the money that is in the supplemental.

Could you also comment on this proposal to rearrange the Department of Defense budget as a way to get the money as opposed

to increasing the top line of defense of 1995 to make up this deficiency and what the impact of that on readiness is going to be?

General SHEEHAN. Are you are speaking, sir, of the proposal about creating a contingency fund or using the reprogramming authority to pay for the supplemental?

Mr. PICKETT. Using the reprogramming authority to pay for the supplemental; how that is going to impact on readiness.

General SHEEHAN. I think that the reprogramming issue, and I have not seen the latest version of where the reprogramming is from and what the top dollar value is. Ultimately, that ends up having what I call a spillover effect into the services themselves.

As the Commander in Chief of USACOM that has 80 percent of the forces that does the transit work that General McCaffrey talks so eloquently. I will tell you that as you reprogram money from other sources, ultimately all you are doing is pushing the biowave downstream.

Those are programs that were going to be funded whether it be a pay raise, quality of life improvements, killing a program that had some impact on the operational forces. My experience has been that when that happens here inside Washington, the trickle-down effect often says that you do not get a dollar-for-dollar return at the operating forces at 2-MEF, at ACC, at Forces Command, and any other land fleet areas.

I am very, very concerned that, No. 1, that a supplemental be passed, that real dollars be put into O&M that allows us to train these forces to fly these aircraft, to drive ships, to do the joint training that is so necessary should we have to go forward in the future.

Mr. PICKETT. I am not trying to put words in your mouth, but is it fair to say that if the money for the supplemental comes out of reprogramming, it will have a damaging effect or a bad effect on the readiness of our forces?

General SHEEHAN. I cannot give you an exact impact, sir, because like I said, I have not seen the latest reprogramming. I saw it last week before I went back down to Haiti for a visit. I am concerned that I think the total bill was \$2.6 billion. I am hearing that now it is really about \$1.6, \$1.8 billion coming out of reprogramming and the rest is going to come from somewhere else.

Until I see where those accounts get paid for, it is like my wife's checking account. At the end of the month, she tells me she has some extra left over. Somehow or another it never works out that way. She always needs more.

I will just tell you, sir, until the money gets into the operating accounts to drive tanks, fly airplanes, fix things, I will believe it when I see it.

Mr. PICKETT. General McCaffrey, you mentioned the transfer of facilities in Panama to the Panamanians. The experience so far has not been all that attractive as to what has happened with the facilities that have been transferred.

Can you tell the committee what your opinion is of what is likely to happen if all of the facilities in Panama that the military presently has turned over, and what the difficulties we may encounter would be to try to reestablish a presence there, if it became necessary to defend the canal?

General McCAFFREY. The new government has some very bright people in it. They are 15 years behind the power game. There was a delay during the Noreaga years in which essentially nothing was done. They did not face up to the problem.

President Endar and his people had to establish democracy. They had to pull together the mechanics of a functioning government. They did that quite effectively. These new men and women of the Republic are going to face up to this problem right now. They know it.

President Biadaris has nominated new members for the Panama Canal Commission. They are attempting to close with the notion of how they will go about organizing themselves. There is an agency called ORA, Oceanic Regional Authority. They have got to get their people into power and face up to the question. We have pledged to them our support in this process. It is their responsibility. It is their choices, not ours. We intend to assist them in full partnership.

Mr. PICKETT. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. Mr. McKeon.

Mr. MCKEON. Thank you, Mr. Chairman. General Sheehan, I am from southern California. One of our biggest problems out there is illegal immigration. Many of my constituents say, why don't we just let the military close off the border. Can we do that?

General SHEEHAN. Theoretically, yes. I think though that illegal immigration is a very, very difficult problem to solve. I think the solution to the problem isn't just putting the Third Armored Division on the border every 50 meters and having them stop people from coming across the border.

I think the solution lies in both the source country, creating the economic conditions that encourage people to stay, that gives them at least a reasonable opportunity to make it. I think that is part of the reason why I have been so supportive of what is going on in Haiti.

If we at least move Haiti from abject poverty to at least misery, then I think the Haitian people will stay and invest in their own future and we will stop getting large numbers of Haitian migrants.

I think the solution to most of these countries in the Third World is that they see on the other side of a border, at least the economic opportunity, to make life for themselves and their kids better.

I do not think the solution is putting the U.S. military on the border. I think it has to be a policy of engagement, of encouraging nations to kind of reform themselves and give their citizens at least an opportunity to make it.

Mr. MCKEON. We are doing that. I think we are trying to do that in NAFTA and in some of the other things. I think the Mexican Government has been working on that for several years, but that is a long-range effort.

In the meantime, the Border Patrol last year caught 450,000. I don't know; that's probably a small percentage of who actually came across; the year before 500,000. As a short-range effort to close the borders off and give us some relief, would that be a viable alternative?

General SHEEHAN. Sir, the U.S. military's primary mission is to fight this Nation's wars. We frequently are given tasks and do

them and do them very well that ought to be of a short-term nature. Go help out in a disaster somewhere.

Frequently what happens though is because the military is so talented with its young people, we end up staying there for an extraordinarily long period of time and absorbing the cost of doing business. It is like the migrant camp at Guantanamo Bay, Cuba. That is a perfect case in point. We have been at migrant operations in Cuba now for well over 4 years. The U.S. military has absorbed the cost.

It strikes me as being somewhere in this great government of ours a whole bunch of humanitarian organizations that ought to be absorbing that cost of doing business and providing that type of expertise to absorb that. We have, for example, right now in Guantanamo Bay, Cuba, some 30 psychiatric patients that are being serviced by United States military.

Mr. McKEON. I am in total agreement with you on that. I do not think the military should be paying for that, but we are doing it, as you said, around the world. I guess what I hear from my constituents, if we are willing to go around the world, why don't we do it here in our own country. We will talk some more about that in the future.

General McCaffrey, you talked on the drug war. One of the things you say is that 90 days at a time, we are going to attempt to change the way we fight the CD war; 90 days at a time with temporary duty military positions. In Viet Nam we learned that you could not be effective fighting the war a year at a time. We are going to change that. What do you propose that we do to change that?

General MCCAFFREY. We have come together over the last few years, faced with this really emergency situation of drugs; a collection of short-term fixes.

We have got to go back and review it. The Armed Forces is one-third smaller than it was. We do not have the luxury it seems to many of us to have a bunch of TDY soldiers, sailors, airmen, and marines in Latin America focusing on this problem for short periods of time.

We have got to figure out where do we really need the support; our planning and counter-drug efforts; and then select the right people and put them there for a year. Get folks that speak Spanish and can stay in the problem. I think that is the direction we are going to move in.

Mr. McKEON. It seems incredible that with all of our resources and all that we are doing down there, we only stopped 1 percent, did you say?

General MCCAFFREY. No. It is about one-third, Mr. Congressman. We get roughly 300 tons out of this 1,000-ton-a-year coca production. One place or another, we get it out of the stream. Then another third comes into this country and is consumed as a drug. Another third, we do not know where it goes; going to Europe, Asia; going into a cave under the Andes. So the supply exceeds the demand.

Mr. McKEON. Thank you very much. I see my time has expired.

The CHAIRMAN. I thank the gentleman. Mr. Taylor from Mississippi.

Mr. TAYLOR. Thank you, Mr. Chairman. I want to thank our two witnesses for being with us today. I would open this up to both of you. It concerns the \$30 million a month we are spending to house the approximately 20,000 to 30,000 Cubans down at Guantanamo, which is a drain now and will continue to be a drain.

From a military point of view, I am not asking you to be State Department people, from a military point of view, do you see any reason why we should not normalize relations with Cuba?

General SHEEHAN. I think it will be extraordinarily helpful to start some type of dialog with the process of the Cubans. That is going on to the intersection in Havana. We have almost on a daily basis, requirements to deal with the frontier border guard and the Cubans; either because there are Cuban migrants who are frustrated by the process, who are actually walking through minefields to return to Cuba, and in some cases they have maimed themselves. We are risking American lives who go into the minefields and pull them out.

We have Cubans on a weekly basis go into the water to swim back to Cuba. As a result, we need to have some kind of mechanism just from a sheer safety standpoint to make sure that these Cubans do not permanently maim or kill themselves in the process.

Castro holds all of the cards on the migrant issue. He can put 100,000 Cubans in rafts tomorrow morning in a heartbeat. We cannot absorb 100,000 at Guantanamo Bay, Cuba. It seems to me that it would be in our best interest to manage the change that is going to occur in Cuba. It is going to happen.

Mr. TAYLOR. General McCaffrey, do you have an opinion on that?

General MCCAFFREY. I am not sure that I got the thrust of the question.

Mr. TAYLOR. I am asking from a military point of view.

General MCCAFFREY. An open dialog with Cuba.

Mr. TAYLOR. Or should we normalize relations with them? I think a part of this huge exodus into Guantanamo into our country is out of the fact that we treat the Cubans differently than we treat the North Vietnamese, differently than we treat the Chinese, the Soviets, all of our former adversaries.

It is costing us a heck of a lot of money. I am not so sure that it is really necessary. From a military point of view, do you think it is necessary?

General MCCAFFREY. One thing, I absolutely agree with General Sheehan's characterization that the Cuban Communist model is failing. It is going under. It is imploding. It is just a matter of time until we are in an end-game scenario.

When we had a lot of Cuban migrants in Panama that we were caring for, I was asked at one point if I would like to conduct interviews of them to find out about the Cuban Armed Forces. We said, we were totally uninterested in it. They are just not a factor.

The United States Government has to sort out how we are going to deal with the process of the end-game of Cuba in a manner that minimizes the likelihood of bloodshed, civil war, and a mass exodus of Cuban citizens who will imperil their own lives at sea. I agree with General Sheehan. We could not handle another outflow.

Mr. TAYLOR. I happen to be of the opinion that if we were able to normalize relations, have a lot of Americans start visiting Cuba,

have the Cubans interfacing with Americans that—just the Cuban people by interfacing with Americans, with that opportunity to see something better, that within a couple of years in a rather peaceful way, Castro would be gone.

I think the present situation only serves Castro's interest. I am curious if either of you would be willing to comment on that. If you will recall the Reagan years, while we had the tremendous buildup, militarily we still had a dialog and open trade with the Soviet Union which both of those things I think led to the demise of the Soviet Union. How would you all react?

General SHEEHAN. As I said, Mr. Congressman, from a practical standpoint, there is a requirement on a daily basis to communicate with the Cubans. I think that I would much rather talk to somebody than fight with them.

Mr. TAYLOR. The second question is to General McCaffrey. General, I believe this week, possibly tomorrow, the Foreign Affairs Committee will be having hearings on whether or not we should ask the Panamanians if they would be willing to reopen the negotiations for our military bases in Panama. Is it your opinion that we should try to keep a military presence in Panama? If it is your opinion, what bases would you recommend that we try to keep?

General McCAFFREY. Mr. Congressman, I would respectfully ask your permission to not directly address that question. I think it is one for my own Secretary and his colleagues to sort out. I would tell you two things that bound the question.

It is my own opinion that there is no direct national security threat to U.S. interests in a continued defensive capability at the canal site. That is one boundary to it.

The second one is, that we may leave Panama in its entirety, but we are clearly committed to remaining engaged on the north/south access and being aware of our economic, political, and national security interests in the Americas.

To the extent that we are able to serve those interests; counterdrugs, humanitarian aide, regional stability, jungle warfare school, or whatever. To the extent United States industries coincide with regional and Panamanian interests, then we ought to consider it. That is really the function of my own civilian leadership. I would prefer to not directly enter a vote.

Mr. TAYLOR. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Chambliss, the gentleman from Georgia.

Mr. CHAMBLISS. Thank you, Mr. Chairman. Gentlemen, every time I hear that figure of a million dollars a day that we are spending down at Guantanamo, it overwhelms me. We were up until 1 o'clock this morning cutting food stamps in this country and yet we are having to spend a million dollars a day and that is a real travesty. I wish we could spend that million dollars a day fighting drug trafficking. I think we could probably improve our situation a little bit.

General McCaffrey, I am curious. As we transition out of Panama, and particularly in the post-Noriega days, what has been the attitude down there toward the American people and in particular, the American military. Have you seen any change? If so, what has it been?

General McCAFFREY. I have had a continuing involvement in Panama throughout my life; in and out of there on various TDY missions. I was a general's aide some 25 years ago. There has been an enduring friendship between the American people and the Panamanian people and it has never been broken.

During the Noriega years, it was really desperate for Panamanians and Americans in that environment. It was really tough. There was enormous joy when he was taken out of office. I think the aftermath of just cause, there was tremendous disorder. There were no functioning governmental mechanisms.

The police force did not work. There were many coos. An awful lot of that is behind us. Panama's economy, political future and I would argue its sense of identity with United States interests are pretty high. We are upbeat on the way that Panama and the United States relate to one another. That is on a personal level. On an official level, it is a very harmonious situation.

Mr. CHAMBLISS. General Sheehan, I share somewhat Mr. Taylor's feelings about where we are moving in Cuba. I am curious about the same sort of attitude down there. Do you notice any, and I take it that you do notice, a warming up of feelings, so to speak, between the Cuban people and the Americans, in particular, I guess the military?

What about the government? Do you have any contact with them on a direct basis?

General SHEEHAN. First of all, sir, I think that the Cubans that I have talked to at Guantanamo and the ones that I know—first off, they are nationals—they are Cuban nationals. If there is a perception that there is this outpouring of love for the United States among the Cuban people as a whole, I think that that's an incorrect perception.

There are large numbers of Cuban people that truly believe in the revolution still in Cuba. Castro remains a popular figure. The people also understand that the winds have changed and are blowing over the island and a change is going to take place.

The migrants that General McCaffrey had that ultimately came back to Guantanamo Bay, Cuba, they are very talented, bright, hard working people, but their ultimate objective is they want to come to the United States. Those that we have had, some 50,000, want to come to the United States on the other side of the island that will stay in Cuba because they are Cubans. They are very distrustful, the Cuban-American population in Miami, and they are doubtful of what their end-game is.

I think this is a problem that is of extraordinary proportions. It requires dialog and thoughtful process on everyone's part.

Mr. CHAMBLISS. Thank you. I yield the balance of my time, Mr. Chairman.

The CHAIRMAN. The gentleman from Rhode Island, Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman. General McCaffrey, in your statement you made a lot of the IMET Program, International Military and Education and Training.

There is a lot of interest in the Congress to somehow restrict the funds that would be available to the program. I would ask you to comment once again on the utility of that program.

Also, explain for the committee how you distinguish that program training military personnel that we would work in cooperation with versus training personnel that could lead to a destabilizing force in their own countries.

I know there is a perception out there that some of this international military education goes to training right wing kind of military forces that can actually end up being more of a destabilizing factor as opposed to training them on our beliefs and doctrine as to civilian control. Would you comment on that on how you can offer us an explanation as to what you do to distinguish between the good training of those people and the training that could result in training people that we would not want to see trained in our military expertise?

Mr. McCAFFREY. I will tell you, I really welcome your question. It is my own judgment, and I think one widely shared by the other CINC's that the greatest leverage we get out of defense dollars is in teacher, training, exposure, and interaction with foreign military leadership.

I have been privileged for the last 3 years to take part in a Harvard program with the Russian generals. I go up to the JFK School and join a very talented team in working with these men for a couple of weeks. We do not think we are going to change their value system, but we know they leave there with a better sensing on how military forces can act in a democratic society, under the rule of law.

Our Armed Forces unequivocally have a reputation worldwide. When I appear in this uniform whether it is Helsinki at a CSCE conference or in the middle of Bolivia, we are viewed as an enormously effective military force. More importantly, one that is under the rule of law and under civil democratic leadership. I say this in all seriousness. We think that putting these young men, women, police officers, and military officers into our schooling helps. We think we can see signs of this over the last 15 years.

There is a real danger in Latin America, particular, to think in the 1970's and to think back instead of forward. In the tough places like El Salvador, the war is over. It has been over for 3 years. There is a giant construction and economic book going on in El Salvador.

The Armed Forces have been cut by over half. There is a new police force. We asked the senior military leadership to step off stage and be replaced by a younger group. We are seeing the same thing in Guatemala; 34 years of one of the most bitter civil wars on the face of the Earth; 150,000 dead.

It is in its end game we hope. There is a United Nations mission in Guatemala also. Many of us believe, or it is our own viewpoint, that contact, that influence will walk these people forward into the next century. That is really our purpose.

Mr. KENNEDY. Thank you very much. Thank you, Mr. Chairman.  
The CHAIRMAN. Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman. I do have several questions, but first as a Representative from the State of Florida which is one of the drug gateways to this country, I do support the counternarcotics effort that you are conducting. I hope we can continue it.

I am concerned when I was reading in your testimony the information about the increased production of coca in Colombia and Bolivia, even though we are funding a Bolivian eradication effort. That does cause me some concern. It is just a continuing problem.

We have got to stop it at the source. What we have been trying to do, obviously, is not working as far as continuing to cut down on that production. I hope we can do something a little more successful there.

General Sheehan, in your testimony in talking about the things that you are facing in your command, one of the things that you mentioned as looking at security risks was the increased maritime capability by the Russian fleet in the northern Atlantic. Could you expand on that a little bit for us?

General SHEEHAN. From a technology standpoint what I am concerned about is the increased quieting capability that exists in the Akulo submarine systems; not just the Akulo, I am also concerned of the export technology of say, example, the 209 subdiesel submarine that is available.

We, as a nation, need to continue to work through this technology argument of ASW. How do you deal with a very, very sophisticated quiet submarine capability, whether it is a 209, whether it is a Kilo or whether it is Akulo submarine, how do you deal with this from a war fighting perspective?

The fact that Iran has Kilo submarines, they are tied up at Bonderobos today presents a very real problem to commercial traffic in the straits. This Nation has made the decision to invest in technology, to leverage the smaller military force. ASW is one of those areas that we need to continue that technology leveraging.

Mrs. FOWLER. Representing Jackson where a lot of the antisubmarine warfare is focused, I agree with you. I think we have got to continue to make sure that our technology is keeping up. I am very concerned. I know the Russians are putting a lot of money into their submarines and new technology. If we do not do the same, with both our submarine program and our antisubmarine program, we are going to really be behind.

I was interested to see that in your testimony. I share your concerns. Getting back into our Southern Hemisphere a little bit, I saw in the press the other day that there was mention made about consideration of hiring civilians to take over some of the functions that right now our U.S. military are performing. Would that save some dollars? What does it do? Are you seriously considering this?

General McCAFFREY. Yes we are. We have 6,300 U.S. military forces running a city. Right now, this morning, we have 24,633 Cubans at Guantanamo Bay, Cuba. Some of those functions we have already started contracting out; mess hall support, et cetera.

You know that it has had an impact on the fleet training group at Guantanamo Bay, Cuba. We are now into discussions of trying to figure out what to do with that facility. Last summer, as a result of having 50,000 Cubans down there, the quality of life of the people that lived at Guantanamo was seriously impaired. We took all of the dependents out. That is now an unaccompanied tour.

What we are doing is transitioning Guantanamo Bay, Cuba essentially to be a city within a city within a military complex. Those

forces that we have down there, some of them are on their third rotation.

All of them that go down for their first or second time, have a great sense of satisfaction for what they do. But living inside of those camps, many of those functions can be performed by a public health service, by a private volunteer organization with commercial contract capability.

We will maintain a military capability there, but it is hopeful that we can contract out many of those kinds of facilities. I do not think we are going to save any money at the end of this evolution though. There is no savings that I can see of in the near term.

Mrs. FOWLER. So we won't be saving dollars. What we will be doing is releasing our military personnel to go back to their training programs and doing what they are supposed to be doing.

General SHEEHAN. Go back to their training programs. Very frankly, in some cases, some of those units are on a very short—for example, 3d Battalion Marines who just got to Guantanamo Bay, Cuba, are going for a 6-month deployment to Okinawa, 120 days after being in Gitmo.

Mrs. FOWLER. I am worried how we are going to keep these young men and women if we keep doing this rotation the way we are doing with them.

General SHEEHAN. Absolutely.

Mrs. FOWLER. General McCaffrey, in Haiti I understand right now we have got primarily the 25th Light Infantry Division from Hawaii over in Haiti.

Once, the end of this month, we go down to the 2,400 U.S. troops that are to be there when we go to the U.S. supervised, will these still be primary from that division? Will they be from somewhere else?

I understand there has been some concern about pulling them all out of Hawaii, that if we have a problem happen in Korea or somewhere, then we are short in that area of the world.

General SHEEHAN. I will take that question, Congresswoman, since I do the Haiti operations. The force of 6,000 is going to be made up of 2,400 U.S. Forces from combined across the United States. It is just not assault infantrymen kind of a capability. It is MP's. It is infantrymen. It is engineers, communicators, et cetera.

There will be some 12 other nations that are going to participate also in that. Of that 12, 3 are coming from what I call kind of OAS states. The rest are coming from Bangladesh, Nepal, et cetera.

In addition to that, there is another 25 countries who have contributed police monitors to assist in building the Haitian Police Force. The 25th and one brigade from the 25th will build the core or the rapid reaction or a quick reaction force. That quick reaction force will be at 661 soldiers of varying kinds of capabilities—helicopters, the QRF, for the multinational force, the U.N. Force in Haiti. The 25th will be the—of your organization or not, with some assistance from the calvary, units in the United States.

Mrs. FOWLER. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the lady.

Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman. General McCaffrey, the Army's fiscal year 1996 operations and maintenance request in-

cludes \$24.6 million for the relocation of SOUTHCOM. The decision on when and where to move SOUTHCOM has not been made.

Once the decision is made, how much will you expect the move to cost and when do you expect that this decision will be made? Maybe you can give us an idea as to what are the principal factors being used in selecting a new location for SOUTHCOM; if you could elaborate on that a little bit.

General McCAFFREY. The decision to relocate the headquarters is now being taken into account by Secretary Perry and his colleagues. He has formed up a committee which has done some pretty exhaustive work. They are in their final deliberations, I believe, so I expect and hope for a decision pretty soon.

My own engineers felt that it took almost 3 years to fully comply with U.S. Federal law to move the SOUTHCOM Headquarters and do it in an effective and an efficient manner. Our considerations, there are obviously three sets of them in broad categories.

One is the mission effectiveness. The second, the quality of life for the headquarters, once it is moved, and its military families. Third, of equal if not greatest importance, the cost of doing so. Those are the three sets of criteria they are taking into account.

My own contribution was to ensure that Dr. Perry and his colleagues saw how we could influence a continuing U.S. engagement in Latin America. We were very interested in sketching out the ways in which transportation hubs could be most effectively used.

We go to and from. Our business is to interact with the Ministers of Defense and the military leadership of the Americas. So, transportation was a key factor. We wanted to go someplace where we could leverage U.S. interest in the Americas. That was really our perspective. I hope we end up with a decision soon and a sensible decision to continue that process.

Mr. ORTIZ. Do you feel that \$24.6 million is enough or do you think it will take a lot more than that to completely move SOUTHCOM?

Mr. McCAFFREY. The money aspects of it, Mr. Congressman, are being taken into account by my own civilian leadership. I really was not in a position to see that process. I would suggest to you that it is a very small outfit. It is about 700. It is a battalion-sized outfit, 700 women and men of the four services.

In addition, what I am not read in on is I am aware that there is enormous support for the present SOUTHCOM and several communities. Many of them have very creative ways in which they hope to reduce the expenditure to the Federal taxpayer. I do not know how that will all play out. I look forward to hearing their decisions.

Mr. ORTIZ. Thank you very much. I yield back the balance of my time.

The CHAIRMAN. I thank the gentleman. The gentleman from Kentucky, Mr. Lewis.

Mr. LEWIS. Yes. General Sheehan, it is my understanding that the reason that we invaded Haiti is that we wanted to stop the influx of migrants and we wanted to restore or create a democracy in Haiti.

A little while ago my colleague, Mr. McKeon, was talking about border guards to stop the flow of migrants. You felt like that as you

said you supported the Haiti policy because that was a way of stopping the inflow of migrants. Do you think that is a better policy than trying to protect our border?

General SHEEHAN. Let me make one correction to your statement, sir. We did not invade Haiti. As a result of the Nunn-Carter-Powell visit to Haiti, an intervention was broken where at 10 o'clock the following morning U.S. Forces from the 18th Airborne Corps went in essentially to—

Mr. LEWIS. But we were prepared to.

General SHEEHAN. We were prepared to, but we did not and there is a difference. The primary reason that both Strobe Talbert and John Deutch gave when they were over here testifying before this committee was, and it is given as a matter of public record, that the restoration and democracy in Haiti was the reason for the intervention.

Migration as an issue was never mentioned as one of the considerations. It is a byproduct of, very frankly, as I said that once you let the Haitian people get back on their feet and the international community invest in that, then very frankly I think you will see most of the Haitians will remain in Haiti in building their own nation.

That is why I said that the solution to the problem of migration rests in the host country itself. Then that country assisting and changing the economics of the country so that each citizen has the opportunity to make his or her own way in his or her own country.

Mr. LEWIS. I know the Commander in Chief. That was one of the reasons that he felt like that—one of his reasons for invading Haiti. My question now then, if this is a policy that worked in Haiti, would we consider this a good policy for Cuba?

General SHEEHAN. I have never heard any conversations about applying a Haitian policy to Cuba relative to an intervention.

Mr. LEWIS. The reason I am asking that is, it seems like it is basically the same problem. I do not think it is a good policy. From my perspective as the CINC who is responsible for the AOR that includes Haiti and Cuba, I am not involved in any conversation. I do not think that is an active policy under consideration.

Mr. LEWIS. The next question. What is the morale of the migrants in Guantanamo?

Mr. SHEEHAN. Right now, I would say it is very good. There are about a couple hundred per week that are leaving. There are about 5,000 more that are paroled into the United States under various parole authorities that Janet Reno has.

What concerns me is that when we get down to the hard core of some 20,000 early this summer for which there is no extra strategy, then their frustration level is going to go up. As they have done in Panama, there is a distinct possibility they will respond violently.

Mr. LEWIS. Thank you.

The CHAIRMAN. I thank the gentleman.

Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman. I thank you both for I think some very, very poignant remarks. I want to take this opportunity to point out something. Our friend from Indiana sug-

gested that General McCaffrey sounded like a State Department person.

That is indeed a compliment. Sitting before us, and I say this to the committee, we are seeing military diplomats which is not unknown to the military but it is growing in importance with the changing world and essentially the policy of engagement, enlargement, the process to avoid combat.

Now, I am going to make a pitch for how they became, how these gentlemen before us became expert military diplomats. They did it through a program called Professional Military Education. That process does not tell people how to load a piece of artillery or to fly an airplane.

It teaches military people how to enlarge their window, the view of the world. I really want to go on record here and I hope, Mr. Chairman, you will help us on this to make sure that we do not do anything that injures our process this year and in the future to downsize the PME commitment.

That is why we are able to have these types of gentlemen before us dealing with the problems they are dealing with. I think it is interesting that most of the questions that were directed today are diplomatic questions. They were not military questions.

I do want to ask a military question. I think, General Sheehan, you bring up a great point in your written testimony that deals with the readiness question. That is, you take this to a new threshold. You are talking about joint readiness.

General SHEEHAN. Correct.

Mr. PETERSON. Something that frankly no one else has talked about. In fact, in your testimony you sort of left out some elements that all of your predecessors have brought up and that was these elements of readiness. That is, the quality of life, the modernization and all of those kinds of things.

You have absolutely left them out of your testimony. I would like for you to maybe answer whether or not that is not part of your responsibility. That's the responsibility of those commanders below you that are supplying the forces to you. But then what is your responsibility to measure this joint readiness aspect and are we not capable of measuring that important element?

General SHEEHAN. Joint readiness is one of the things that I have to do as a part of my mission statement as UASCOM. I am the force integrator for all of the forces in the United States.

One of the great lessons that came out of Desert Shield, Desert Storm was never give the United States 6 months to get ready to fight a war. That lesson has been learned by every nation who is a potential adversary. We no longer can afford the luxury or organizing ourselves when we get there to the theater to fight. As a result, as a part of this progression and it starts in the PME process as you accurately project, how do you teach officers to bring to the battlefield the best that each of the services has to offer without worrying about roles and missions, and who is the dominating particular service on the battlefield.

That takes a great deal of education and training. We have broken it down into three tiers. Tier I, the services due, that is the title X responsibility. I would not for one second want to degrade that.

I do not want an incompetent infantry battalion on the battlefield because it just creates problems for everybody concerned. Tier II are those pieces that division wings and larger organizations do on a natural basis.

We have to encourage them to do close air support, integrated battlefield work dealing with naval forces. It is changing the culture of the American fighting force. As a result, when you do Tier III, for example, right now we are ongoing with two forces; Second Fleet, Admiral J. Johnson on board Mt. Whitney and Third Corps, General Funk, in Fort Hood, TX.

We have invested a great deal of effort. It costs about 250 people on a basis to become a part of this joint force headquarters. What we are doing is we are standardizing procedures in terms of how you exchange information. We are standardizing the culture of language. As a result, we will be able to produce for America, three, four, or five joint force headquarters that can deploy with large combatant capability. As a result, they can fight on arrival.

General McCaffrey, for example, in the SOUTHCOM AOR; 90 percent of his forces come from USACOM. As a result, we need to work with him to define the joint mission essential tasks that those forces need so they become more efficient.

It is interesting when you look at the combatant CINC's that are deployed forward, about 80 percent of what General Joulwan does and what General Luck do in two opposite theaters are absolutely identical in terms of how they fight.

The last 15 to 20 percent is—because it is rain that they have to fight in. So, there is absolutely no reason why we cannot do a lot of this work inside the United States so the forces truly understand each other. That you go from the classroom to the battlefield with the same sense of interoperability and the same sense of jointness.

We cannot afford to organize on the battlefield when you arrive. It is just too costly in terms of lives. It is inefficient in terms of how we spend dollars. In the U.S. forces, as we become smaller, we have got to become more joint. There is no turning back. We have made that change. We have got to continue that change.

Mr. PETERSON. I appreciate your insight on that and also the elevation I think this committee should focus more appropriately onto the overall, the joint readiness aspects of what we are going to do. As you say, we have got a battlefield mission. There is not the time to prepare for that joint aspect of it after the fact. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman from Florida.

Mr. Bateman.

Mr. BATEMAN. Thank you, Mr. Chairman. I want to welcome both our witnesses this morning. We are very pleased to have them and certainly benefit from their testimony. I am not going to extend your time at the witness table with any questions this morning.

I just want to comment to General McCaffrey that on April 26 I am going to be taking those on the Merchant Marine Panel of the committee who are interested in going on a visit where we will stop by Guantanamo and then go on to Panama.

Our committee, through the Merchant Marine Panel, now has the jurisdiction over the authorization of the Panama Canal Commission. Of course, this is something that those of us on the committee will take very seriously and feel the need to come and see the operation to know what we are dealing with.

We look forward to that visit. I would make all of the members of the committee aware that trip is planned for April 26 through May 1. I think it is going to be a very interesting one. I look forward to seeing things. That, I suspect, is going to inspire a number of questions after visiting, however briefly, Guantanamo and then the canal.

General McCAFFREY. Anything we can do, sir, in terms of preparation for the trip for Guantanamo, we will be more than happy to do.

Mr. BATEMAN. I would appreciate that. I will suggest to our staff that the appropriate contact be made so we will have the benefit of that.

General McCAFFREY. Yes, sir.

Mr. BATEMAN. I thank you both for being here.

The CHAIRMAN. The gentleman from Texas, Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. Thank you both for being here today. I appreciate, Mr. Chairman, you having this hearing. I think having been born and raised in south Texas where I lived closer to Mexico than I did to Dallas, TX, I think this country has too often ignored our allies to the south and the important role Latin America plays with our Nation and its future.

I think that is reflected by the empty chairs at the press table today. No wonder many Americans are not aware of some of the things going on, of how important Latin America is. I will be very brief in my question, General Sheehan, if I could direct it to you.

The question is about Cuba, we are cutting child nutrition. We are spending \$1 million a day in Guantanamo. That really strikes home to a lot of folks back in our districts. Tell me logically, I know in the real world things are always more complicated than they appear to be in these simplified questions. In the real world if we were to decide today to cut off that program. Say, we are not going to feed—we are not going to house the refugees in Guantanamo Bay. What do you do? Do you have to put these people in ships and try to take them to port in Cuba and does Castro then meet us with loaded guns at the border? Tell us in the real world what would actually have to happen.

General SHEEHAN. I think you would have a human tragedy on your hands. All of these people, these 25,000 people that you have in the camp, risked their lives to escape from Cuba. Many of them were in rafts at sea for 3 to 5 days. Many of them watched people in other rafts drown before they were picked up by the Coast Guard.

Some of them, as recently as last night, four of them came over the fence, through a mine field to get to what they consider freedom. If you just cut off aid and say OK, now, go back through the mine field, go back in the ocean, they would not leave.

It is only those that are very frustrated by the process, mostly young males who are going back into Cuba because they are frus-

trated by the process. You would have a human tragedy on your hands if that happened.

Mr. EDWARDS. Thank you. I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Edwards.

Mr. Dornan.

Mr. DORNAN. Thank you, Mr. Chairman. I am sorry I was out of the room testifying on a highway project. I understand, General McCaffrey, that you did respond to the drug struggle. I hesitate to call it a war because we have not committed the same resources that we would in a war.

Before I ask you this question, I was out on the west front of the Capitol with several thousand members of the American Legion. We are submitting legislation again to prevent the burning of our Old Glory, the Stars and Stripes. Burning it in front of veterans, to me, seems to be the most provocative act a citizen can perform in front of people who have put their lives on the line for the freedom of all of us. I, in no way, have ever considered that deed of destruction, somehow or other, freedom of speech. So, please tell your great father-in-law that the battle is not over and we may win that struggle to protect the Stars and Stripes yet in this Congress; maybe even this year.

General McCaffrey, I concur with the magnificent effort that all of our Federal agencies are making in the Caribbean and out in the field itself in Peru; in the coca fields of Columbia; in all of the upper regions of the Amazon; and some people in helicopter crashes; and many of our allies' military and police forces have had their young men gunned down in this terrible struggle.

My problem is, as good a man as Director of National Drug Policy Lee Brown is, the first efforts the Clinton people made in the White House were to absolutely gut, to devastate the whole domestic drug problem. They still brag about how many people they fired at the national level in the White House structure and the biggest hit there was to completely shred all of the people assigned to this National Drug Policy Office and other offices on narcotics.

It is an absolute culture tragedy in our Nation. We still hear brilliant people like my friend, William F. Buckley, or one of the Nation's great Chicago school economists, Milton Freedman, called for legalizing some narcotics.

The nightmare, of course, is what do you legalize? Where is the age cutoff? Who determines the purification? How does the Drug Enforcement Agency get involved? How do all of our various Food and Drug Administration people get involved? It is a nightmare.

The simplest way to put it is the way Director Lee Brown has put it, the way my pal, Charlie Rangel, here in the House has put it. It would be running up the white flag of surrender in this key battle in the culture war to say, we give up. We will now move the battle to a youth determination of who can use cocaine, what kind of cocaine.

Marijuana, no matter how intense the new TCP levels are, marijuana is open, but we will not advertise. We will treat it sort of like smoking, but maybe not. It is a nightmare.

The battle will continue. There is not much the military can do about it. They follow their orders magnificently. Let me ask you

this. Is there something more that we, in Congress, can do to support your efforts in Southern Command on the interdiction of this conflict? On the training or education edge, we are failing miserably at most State levels and at the Federal level. That may be something beyond the reach of any of us as we watch our culture melting down before our eyes.

The prediction of Abraham Lincoln come true with each day that if America falls as a society, it will be by suicide. What can we do on the front lines for interdiction? How can we help you in Southern Command?

General McCAFFREY. Mr. Congressman, I would certainly endorse your remarks on the crucial nature of this struggle. Southern Command is primarily charged with detection and monitoring with the support of other U.S. agencies and host-nation governments in the source areas.

That really boils down to a good deal of our work is focused on Bolivia, Peru, and Colombia. All three of them face absolutely incredible internal threats.

Mr. DORNAN. I was here for your murder statistics on Colombia. I reflect that they killed 11 of their 15 Supreme Court Justices in a fire fight. It is a horrendous situation in that small nation.

General McCAFFREY. It is. In light of that threat, indeed in many ways, we have developed an enormous respect for the fact that they continue to struggle. The ways in which we have supported them most effectively certainly includes to assist them in developing the intelligence package which will help them understand how to bring to bear their own police forces, their own military forces on end-game strategies to arrest drug cartel members; take away their aircraft; their ill-gained profit.

So, we do some things very well indeed. Among them are the air interdiction piece which tends to work just well enough so that it has forced these drug cartels into alternative means of distribution.

It has not, in fact, reduced the flow of drugs, but it has forced them into patterns that we think in the longer run will leave them more vulnerable. So, we are now focused on, for example, bringing online ROTHER; the over-the-horizon radar. There is one online in Virginia. Another one comes up this summer in Texas and a third we hope to bring online, in the next couple of years, in Puerto Rico. It will give us, we trust, a far better picture to share with our allies who are under attack from what airfields and to what airfields drug traffickers are flying.

There are some very encouraging prospects in that. We are also being supported by the Air Force in the development of tracker aircraft. We also have some ability to contribute to their own tactical mobility.

Probably the single most important thing we have done is provide trained men and women, special forces sergeants on up through Air Force lieutenant colonels to assist in the training and planning function to counteract drugs; these drug operations.

In the years to come, we believe that one of the areas we need to focus on with more effectiveness is Peru. Peru produces 80 percent of the drugs on the streets of America. We think President Fujimori and his government, having muted the Sendero Luminoso threat, are prepared to move in a serious way, we hope, in the

years to come against these drug cartels. So, we are going to try and find ways to support his efforts.

Mr. DORNAN. Both as a father and a grandfather, you would concur that we cannot run up the white flag of surrender in this country by legalizing drugs?

General McCAFFREY. That is absolutely the case. I borrow the judgment of the police officers in New York City.

Mr. DORNAN. My final observation here, Mr. Chairman, is that in the Preamble to our Constitution, the third item after the formal statement of, we are doing all of this to form a more perfect Union, which we never will do being human beings, but after establishing justice and ensuring domestic tranquility, two items that we are failing on miserably because of the impact of drugs, that the military mandate comes in the simple phrase to provide for the common defense.

You believe, as the Southern Command CINC, that you are providing for the common defense to block this poison from coming into the country and costing us \$360 billion out of our budgets each year. That is the whole overall crime thing, but drugs drive the major segment of it. You believe that this is providing for the common defense, sir?

General McCAFFREY. Absolutely. I think it is a national security issue. We are contributing in a supporting manner to that goal.

Mr. DORNAN. Thank you both. Well done in the gulf where I visited with you, General McCaffrey, but followed what you had done there General Sheehan. Excellent job and I hope we can get back toward that readiness level.

Anything we can do to help you, we have got the best chairman here in Armed Services that I have ever seen as far as loving the military. So, we are ready to serve you folks too. Thank you, sir.

The CHAIRMAN. I thank the gentleman. The gentleman from Mississippi, Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman. I am sorry I was out of the room, General McCaffrey, when you talked about the support you get from the Reserves and National Guard. I appreciate you putting that in your formal report.

It is also telling the members here, that is excellent training for the Reserves and the National Guard when they get out of their environment and get down there and see some improvement. You certainly recommend we continue to do that. You do recommend that?

General McCAFFREY. The Reserve just play almost a principal role in Southern Command. Some 52 percent of our deployments this coming year will be from the Reserve components. I see them all over the Americas. Right now, we have three battalion-sized deployments; actually, 3,000 to 5,000 troops going on; one in Guatemala, one in El Salvador, and one in Panama.

Two of those are almost entirely Reserve components. Instead of going on vacation in Florida, they are down building schools, clinics, digging wells, and treating patients, trying to build contacts in the Americas. It is an enormous source of pride to all of us, sir, part of that.

Mr. MONTGOMERY. I would hope that you would move some combat Reserve forces in there too or find a mission for them to get

them out of Fort Hood, TX, or wherever they maneuver. That is just an idea that can be implemented.

General Sheehan, on your joint training of our U.S. forces, how does that tie in with FORCECOM down in George?

General SHEEHAN. Forces Command is one of the components. Denny Rymer is my Army component. We work a lot of issues. He also does the Reserve integration piece for me on the Army side. We have a group of Reserve, admirals and generals, who serve in terms of trying to find opportunities for the Reserve and National Guard system to work. In the forward-deployment requirements, we are using more Reserves, as you know, in Europe to replace some of the forward-deployed forces cut down in PERSTEMPO.

I have a National Guard, two-star, who works for me on a full-time basis who also does that as assisting. We are in the process of developing joint mission essential task lists that the Reserves can train to in home station that should they be required to deploy, for example the enhanced brigades, we will have them combat ready within a prescribed period of time.

So, the Reserves play an important part and they will play a more important role, but we need to do a better job integrating them in funding that part of the joint training piece that they need to play a role in.

Mr. MONTGOMERY. Some of the brigades that were called up to the Persian Gulf war, I still think they did a good job; two brigades they called up, but there was some criticism that they weren't quite ready. I guess that is your responsibility; somebody's responsibility. So be sure they are ready this time.

General SHEEHAN. Sure. As a matter of fact, the Marine Reserve tank battalion that went to the gulf had more kills than the Active duty tank battalion did.

Mr. MONTGOMERY. That is good. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Montgomery. Mr. McHale, the gentleman from Pennsylvania.

Mr. MCHALE. General, particularly General Sheehan, I am a little hard of hearing. That last comment you made about Marine Reserve tank battalions.

General SHEEHAN. Sure.

Mr. MCHALE. What was that comment again?

General SHEEHAN. They had more kills than the Active duty tank battalion.

Mr. MCHALE. I thought that is what the General had said in the first case. Thank you. Gentlemen, I compliment you both on your informative and very candid testimony. A few minutes ago, one of my colleagues raised a comparison between Haiti and Cuba.

I was one of the members of this committee who supported the administration's policy on Haiti, who believes that it has been a success and who concurs in the comments made by General Sheehan on page 5 of his testimony where he states that, U.S. forces were introduced into the country of Haiti in support of U.N. Security Council Resolution 940 on September 19, 1994.

The General goes on to say, and I think he is absolutely correct, this operation is the best case study to date in the execution of a

multiservice, multiagency and multinational synchronous operation.

We are not out of Haiti yet, and we are not at the end of the process. But at least at this stage I think clearly the military execution of our involvement in Haiti has been an unqualified success. I hope that we are similarly fortunate in the future.

The gentleman who raised the issue a few minutes ago said he disagreed with that policy and that is where he and I part company. Then he went on to ask for a comparison between what was executed in Haiti and a potential military mission in Cuba.

I would suspect on that issue he and I, again, profoundly disagree. I think there is absolutely no similarity, from a military perspective, between the mission that we successfully executed in Haiti and any potential theoretical involvement in Cuba.

Frankly, what came to mind, and General Sheehan, I am going to ask for your comment on this. I thought back to the anecdote that may or may not be true. I hope it is true.

It occurred in October 1962, when then-Commandant of the Marine Corps David Shoope, Medal of Honor recipient from Tarawa, when confronted with a similar analysis defeated any suggestion of military action against Cuba, took a map of Cuba and superimposed it on a map of the United States and displayed for all who were witnessing the fact that Cuba would extend from New York to Chicago.

General would you comment on the military comparison between the operation as executed in Haiti and theoretically any military action, misguided though I think it would be, potentially against Cuba?

General SHEEHAN. You are absolutely correct. The two are entirely different places. The threat we were dealing with when we talked about the introduction of U.S. forces was primarily Haitian on Haitian violence.

The Haitian military did not exist as an organized fighting entity. It had minimum kind of capabilities. We were more concerned to make sure that the violence did not take place. The point that I made earlier about Cubans being nationalists I think is something that this committee or anybody who talks about this type of activity needs to hold as kind of one of the primary focuses.

If you want to galvanize the Cuban people, invade Cuba. The other interesting part that General Shoope laid out when he did that comparison, he also overlaid the Island of Iwo Jima over Cuba and pointed out what the cost of that invasion was.

I think that although the Cuban military is deteriorating at a rapid rate, there are still enough weapons in that country. It is an extraordinarily difficult country to fight in from a mountain guerrilla warfare standpoint. That we would pay a terrible price in terms of casualties.

That is why I say it is more important that we talk through this problem as opposed to using the military as the solution to the problem.

Mr. MCRAE. General, I appreciate and agree with your comments. It has been, in some circles, popular political rhetoric to make a comparison between Haiti and Cuba during the past 6

months. I think from a military standpoint, such a comparison is profoundly misguided.

Finally, you began to make a point upon which I will conclude and that is, at a time when it appears that Castro's regime is on its final legs, fortunately, and appears to be sinking under its own weight, any discussion here in the Congress of potential military action against Cuba, no matter how remote that speculation might be, plays into his hands and feeds into the kind of political rhetoric and propaganda he has used for the past 30 years to sustain what I think is his unwarranted dictatorial power.

Now is the time to convince the Cuban people that consistent with our democratic ideals, we look forward to the day that Castro is gone. Mr. Chairman, I thank you.

The CHAIRMAN. I thank the gentleman. Mr. Geren.

Mr. GEREN. Thank you, Mr. Chairman. I have no questions.

The CHAIRMAN. Mr. Evans.

Mr. EVANS. Thank you, Mr. Chairman. General McCaffrey, it is my understanding that through the School of Americas, SOUTHCOM forces have in the past been involved in training to humanitarian deminers in Nicaragua. It is also my understanding that future demining training programs are being considered for Honduras and Costa Rica.

Can you tell us your views of this program and what benefits, if any, it is producing for our own forces?

General MCCAFFREY. We are currently involved in supporting an Inter-American Defense Board training program being conducted in Honduras at Donlee, a little town down on the southern border.

Fairly modest forces, I think I have got six or seven people up there who are providing backup training in terms of EOD, medical, and other ways in which we can help them sort out their responsibilities.

The team is headed by a Brazilian officer. It is multinational. At the end of the day we hope that it will train both Hondurans and Costa Ricans and possibly troops from El Salvador to get at the problem of picking up some of the mines that are left over from the decade of the 1970's. So we are supporting that effort right now.

Mr. EVANS. Does it have some benefits to U.S. forces in the region?

General MCCAFFREY. Does it have benefits to U.S. forces?

Mr. EVANS. Right.

General MCCAFFREY. I think our own interest is to support our allies in moving into the future. A part of that is putting behind us the decade of the wars of Central America. There is an ongoing problem with land mines that are enormously destructive to civil life, to farm animals, et cetera. We are very keen on helping them put this behind them.

Mr. EVANS. General Sheehan, would you have any comments about that program, if you are familiar with it?

General SHEEHAN. No, sir. I think that de-mining is an absolutely essential kind of thing that we need to do for humanitarian reasons.

Mr. EVANS. All right. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Mr. Dellums.

Mr. DELLUMS. Thank you very much, Mr. Chairman. First, let me say to both of our distinguished witnesses that I would like to concur in the opening remarks of my colleague, Mr. Peterson.

I think, Mr. Chairman, I find it very interesting and significant that a number of our military leaders have come to grips with the significant changes of the post-cold-war world perhaps more fundamentally than many of my colleagues.

Maybe that is because you live in a very practical world and you deal with it on a pragmatic basis and understand the subtleties and the nuances and are moving forward.

Having said that, I would like you to comment on an observation and a pattern that seems to be emerging in these hearings as we talked with our Commanders in Chief in different regions of the world.

We began these hearings looking at the issue of readiness. A number of my colleagues raised the specter of anecdotal specific instances of unreadiness. What seems to be emerging here is that all of our CINC's are saying that there is no near-term readiness problem, but that when you are confronted with unfunded contingencies, that then creates a potential if not a real glitch in readiness because you then have to reach into your O&M funds that, on the front side have been very specifically allocated in order to fund the unfunded contingency, and then you have to come back for supplementals that are the result of reprogramming that go after other priorities that you have.

At the end of the day, if there is any readiness problem, it is based upon unfunded contingencies that you have to fund and then hope that the Congress, in its wisdom, then funds the supplemental. You then have a problem, and I think General Sheehan you spoke to that, based upon the specifics of the reprogramming that end up being the source of that supplemental. Is that what both of you agree with? Is that a fair statement? Is that a fair characterization of the pattern that is emerging around the issue of readiness?

General McCAFFREY. Let me, if I may, add something to that, Mr. Congressman, because I only see it in a small way. We supported about 9,000 Cuban migrants in Panama from August through last month. During that time, at one point, I had five infantry battalions down there and a Marine rifle company.

We had a brigade from the 101st in there, a battalion out of the 82d, 587 Infantry, et cetera. It cost us \$42 million, but it was also an opportunity cost on time. Those infantry battalions, instead of training in light infantry operations and combat, did a splendid job of providing law and order, security and support for a migrant operation. I personally have enormous respect and take great pride in the way we did this; respect for the dignity of the people we were caring for and a very professional manner.

That time escaped on us. That few months was not a major detriment to readiness. If we do it enough, our captains, our staff sergeants will have holes in their professional development and we will incur a price down the line. So, there is another dimension to it that may be a little more subtle. It is opportunity cost in time.

General SHEEHAN. I think in macro-terms I think your characterization is accurate, but as General McCaffrey said, inside of that there is this huge dynamic that takes place.

For example, you spend 6 months in one place. Ordinarily, a company commander only gets about 18 months experience commanding a company. If he has spent the bulk of his time doing humanitarian type operations, he is not learning his combat skills. One of these days he is going to come back as a Battalion S-3 and is going to be—he may be a very qualified guy to go do peacekeeping operations, but combined operations in the field, he is going to be missing a piece of his educational experience.

Mr. DELLUMS. Coming last, I have had the benefit of a number of excellent questions and responses that have been put to the witnesses and they have responded to. Let me go into an area that no one has touched on with both of you.

When we talk about readiness, a number of our witnesses have indicated that personnel is the central ingredient of readiness. In talking about personnel, we offer recruitment, retention, and quality of life.

I would like to go into one other area that no one has gone into. That is the issue of equal opportunity. I have got several quick questions that I would like to ask. First, how would each of you assess race relations in your respective commands?

General SHEEHAN. I think first off there is a very, very active program in all of the services, both from a recruiting and a retention standpoint, to meet the goals that have been set out by each of the service chiefs and service headquarters.

As you visit combatant operations, whether it is in Gitmo, in Haiti, or Fort Lewis, WA, you name it, wherever you go. The thing that strikes me most often is the absence of consciousness of sex or race that exist in units.

I am absolutely fascinated by the integration that takes place. For example, in Haiti, where essentially a black culture looks on a white soldier as someone who adds real value to his or her life.

When you talk to the interpreters down there that we brought in from the American Forces who are Haitian, first generation Haitians, I have never heard a derogatory word in any sense expressed, would give you an inferior or a superior attitude expressed.

The integration of women in the service support organizations in Haiti and Gitmo, the doctors. I am absolutely amazed at how different it was when I was a company commander in the 1960's where integration was a forced issue. It was on your commanders' minds every single day of the week.

Now, it does not mean that there are not idiots out there in the military who still do stupid things. What I will tell you, sir, my impression is that they are an extraordinary small number. I will tell you that the American military forces set an example for integration, both from a male, female, black, white, hispanic, minority issue that the rest of the American people ought to look up to as a standard.

Mr. DELLUMS. Thank you.

General McCAFFREY. Let me add to General Sheehan's words. I agree with everything he has tabled. I do so with a sense of caution because I understand that opportunity is leadership is fairness.

The day we stop being observant and internally aware of our own shortcomings is the day we will loose ground. But having said that, I just heard a statistic. I will have to provide it for the record. It was something to the effect of all of the Army's IG complaints, I was just at an Army conference, something on the order of under 1 percent relate to racial or sexual discrimination. So, when troops are griping, they are griping about what they see to be other more substantive problems that do not relate to unfairness from their leadership.

It really raised my morale to hear that statistic. What I really would add to General Sheehan's comment, right after I took command in SOUTHCOM, I flew in and looked at a Reserve battalion deployment up in Guatemala.

It was commanded by a white full colonel from Maine. The engineer battalion commander was a black lieutenant colonel from New York. The chaplin was a female major from Massachusetts. The surgeon was a female officer. The Guatemalans, it just give us enormous pride to see these people looking at us and seeing how we relate to one another and that we accept this kind of diversity and interaction as one of the sources of our strengths.

I say that as a fellow who has tried in a small way to be a part of that progress all of my army career as has General Sheehan. I tell people, I have been a member of the NAACP for years. I feel that is part and parcel of the process of leadership in the Armed Forces.

We had our bad days, Mr. Congressman. In the 1970's, it was a nightmare, drugs, racism, violence. We were on the margins of it. All of us who have lived through that period take great pride in where we got to.

Mr. DELLOMUS. Just one followup with you, General McCaffrey. Would you define, based on the statistics that you just laid out, would you describe the complaint process as effective?

This would include sexual harassment, sex, race discrimination, the whole number or range of human rights type issues.

General McCAFFREY. I think it is. Mr. Congressman, it is my own judgment that the process has to depend upon the chain of command being held absolutely accountable for the fairness, the safety, the welfare, and the advancement of the people assigned to their control.

When it comes to women, minorities, or the soldiers, sales and airmen under anyone's command, you have got to hold the chain of command responsible for it. If they do not fulfill their responsibilities, you take action on it.

I had a division in the gulf that had, I am not quite sure what the makeup would have been, 19,000 soldiers, 1,000 females, perhaps 25 percent minorities. We had almost no allegations of unfairness in the leadership during that deployment.

Mr. DELLOMUS. Thank you. One last question. General Sheehan, would you concur in the testimony that from your vantage point as commander, that it would make better sense if we had a line item in the budget, contingency fund for operations other than war or

would that be too political? If it would, say that and we will back off the question.

General SHEEHAN. Sir, line item veto discussions and budget processes is an arcane art that I do not understand.

Mr. DELLUMS. I guess what I was really saying was that if you could address a contingency because there was a fund that you could draw on other than O&M which creates a readiness problem. That is really what I was trying to get to.

General SHEEHAN. I think there has to be some kind of mechanism for which funds are identified and are available for operations. This is, for example, in the case of where we are right now, today, this discussion about this supplemental has been going on since January.

It is now March. In the meantime, I am spending tomorrow's dollars doing operations. At some point in time, those are opportunities lost that we are not going to be able to recover from. So, there has to be a mechanism.

Mr. DELLUMS. I appreciate that. That is all my question was designed to elicit because I think it is not good government, it seems to me, the way we are presently doing it. I am just trying to search for an option of how we handle it longterm.

Thank you and thank you for your generosity.

The CHAIRMAN. I thank the gentleman. I thank you gentlemen too. Before I yield to Mr. Dornan, for some historical footnote he wants to put in these hearings, I would like to say one word about this readiness too. General Sheehan, you mentioned in the very beginning about what is going to happen if we don't have this supplemental approved. Of course, I think we are all aware of that. Maybe some people aren't. We are of the extent at which we are going to be suffering if we don't get this supplemental through.

All of the things that you pointed out, we are going to stop training, stop this, stop all kind of things, which brings us down to the problem we have. The ranking Member, Mr. Dellums, pointed it out awhile ago.

I think readiness, really the problem goes beyond these things brought about by these contingencies. I think you referred to it, both of you. Lost opportunities sometimes, the gaps in skills are difficult to make up.

Even though we might have funds to replenish accounts that have been depleted because of operating contingencies, suffering goes on down to other places; front line units, operating units are able to do their job at the expense of other units back home somewhere who are suffering.

Beyond that even as you indicated readiness in the future, the key to readiness in the future suffers because modernization is put off. It has a very pervasive impact. We cannot just write it off by saying, if we just get money to solve this near-term problem that is going to be the end of it. There are some things that go beyond that.

We do have a point. There has to be some way, as the ranking Member suggested, of solving this problem, these contingencies because even though we are solving the one right now, if and when we get this supplemental through, it is still ongoing. The contin-

gencies are ongoing. So, we are right back into the same thing all over again. We are working down the same line.

The very day we have the supplemental approved and those funds are being used to replenish those accounts, they are starting to suffer right over again because the contingencies are ongoing. It is a very real problem that we have to deal with.

With that, I would like to yield to Mr. Dornan, who promised to be brief about some footnote.

Mr. DORNAN. Thank you, Mr. Chairman. General Sheehan, were you awarded a Purple Heart in Vietnam?

General SHEEHAN. I have two of them.

Mr. DORNAN. I know General McCaffrey was, I can see his from here, severe wounds. Thirty years ago today, President Johnson put 3,800 marines on the beach at DaNang. It sure has been an amazing 30 years.

I agree with soon to be Governor Reagan. He was about 1½ years out from his election; that it was a noble cause completely ripped asunder by politics.

Both of you literally shed blood for that cause to do for Vietnam what we did for Korea a few years before and what we did in France twice in this century alone.

The Ramagen Bridge was crossed last night. We had 600 men on the other side. Today is day 18, exactly half of the battle to take Iwo Jima. General Hodges was first across the Rhine. Next week, General Patton got across and at the end of the month, General Alexander Patch.

This is an incredible history we have had in 50 years. I do not apologize for the history of our military 30 years ago, beginning that long painful decade in Vietnam.

I just hope all of us together at the Congress and our Active duty CINC's, and I think we have got as good a lineup of Commanders in Chief of all our combat commands, specialized commands, joint commands that we have ever had.

I hope together we cannot betray this 220-year history of both your services. You both have birthdays coming up this year; 50 years ago and 30 years ago, what our young men and their young lieutenants and captains did for them when young Brig. Gen. Bill Hogue, younger than some of our brigadiers today told Carl Timmerman, a German-American lieutenant to take his platoon and cross that Ludendorf Bridge yesterday afternoon 50 years ago.

Those were men that said, yes, sir, and charged out onto a bridge where there were machinegun nests. Every sniper on the east bank had them in their crosshairs. As I said on the House floor last night, the young German captain who was the engineer that had loaded the bridge with demolition devices said, we could actually see one another and they saw we were trying to blow them to kingdom come. They should have all gotten the Medal of Honor. They were the bravest men in the war. That is from a German on the other side.

They all got Distinguished Service Crosses and there probably should have been a Medal of Honor or two there, but it is a great history that you are trying to live up to and I think you are doing a great job.

Thank you for excellent testimony today.

The CHAIRMAN. Thank you, Mr. Dornan. Gentlemen, again, congratulations on the fine job you are doing in your respective commands. I also appreciate your contribution today. Thank you very much.

[Whereupon, at 11:55 a.m., the hearing adjourned.]

[The following questions and answers were submitted for the record:]

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RULES OF ENGAGEMENT

Mr. Spence: General Sheehan, once we place U.S. forces under the operational control of the UNMIH operation, will General Kinzer have the ability to fully determine appropriate Rules of Engagement (ROE) for these forces? Will General Kinzer at all times retain operational control of these U.S. forces?

General Sheehan: Major General Kinzer and U.S. ROE advisers have been actively involved at all stages in the development of ROE for the UNMIH operation. An appropriate set of ROE was approved by the United Nations (UN) and made available for U.S. concurrence before MG Kinzer was required to assume operational control of U.S. forces as Commander, UNMIH. Now that operational control has shifted to UNMIH, MG Kinzer, in consultations with the UN Secretary General's Special Representative, Mr. Brahimi, may continue to propose appropriate changes to the ROE to meet changing circumstances. Thus far, the UN has been receptive to U.S. concerns about ROE issues, and there is no indication of any change to this cooperative approach.

BACKGROUND: HR 872, the House provision for establishing a new relationship with the UN, has proposed that U.S. forces cannot be placed under the operational control of a UN Commander, even if that commander is a U.S. officer, if the U.S. commander cannot establish appropriate ROE. Standard UN procedures require

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that changes in the ROE be cleared through the UN Division Peace Keeping Operations (DPKO), the UN legal department, and approved by the Under Secretary General for Peacekeeping.

OPERATIONAL CONTROL: General Kinzer will retain operational control of U.S. forces at all times during his tenure as COMFORUNMIH. During periods when General Kinzer is required to leave Haiti, he will retain operational control via communication devices, as required.

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SECURITY SITUATION

Mr. Spence: General Sheehan, what are the prospects for the security situation on the ground in Haiti changing once the U.S. downsizes its military presence in Haiti and the UN takes over on March 31?

General Sheehan: Haitians will continue to express a variety of social, political, military, economic, and labor issues by staging small potentially disruptive demonstrations. The crime levels throughout the country should remain constant with Haitian vigilante justice and robberies being the most prevalent types of incidents. As the population continues to gain confidence in the Interim Police Security Force (IPSF) the justice system, and as the new Haitian National Police units are deployed vigilante justice should correspondingly decrease. Attempted petty crime, directed at UNMIH secured facilities, will continue. The upcoming election campaign and a slowly developing economy may increase the potential for civil disturbances and labor disputes across the social spectrum. Overall, the direct threat to UNMIH will remain low, however, the possibility of incidental casualties to UNMIH forces involved in police-type functions will remain. Anti-U.S./UNMIH sentiment may increase as time goes on and people become increasingly disenchanted with the pace of reform.

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QUICK REACTION FORCE (QRF)

Mr. Spence: General Sheehan, a key component of the U.S. commitment to the UNMIH operation is the agreement to provide a "Quick Reaction Force", similar to what we provided to the UN in Somalia.

What will be the force composition of this force and its mission?

Under what conditions and procedures would this force be used?

How will this force be equipped and how was it determined that this quick reaction force has adequate sufficient self-protection capability?

General Sheehan: The mission of the QRF is to respond to crisis situations throughout the country. The QRF is a Light Cavalry Task Force with a Cavalry Headquarters and Headquarters Troop of 122 soldiers, three (3) Light Cavalry Troops of 95 soldiers each, and two (2) Light Infantry Companies of 105 soldiers each. With a tactical command post capability and a dedicated maintenance element, total QRF force is 661 personnel. In addition, the QRF will have four CH-47 (U.S.) and eight (Canadian) UH-1 aircraft available, which allows for their quick deployment throughout the country.

The Light Cavalry Troops will be used primarily in the Port-Au-Prince area; however, if required this capability can be transported using the CH-47 aircraft to other regions of the

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country. The Light Infantry Companies will be on "strip alert" on alternate weeks, capable of being quickly airlifted throughout the country via either the CH-47 or UH-1 aircraft.

The Light Infantry Companies are purely foot soldiers. The Light Cavalry Troops are equipped with a mixture of conventional and lightly armored high mobility, multipurpose wheeled vehicles (HMMWVs). Both forces have a mixture of both personal weapons and crew-served weapons. This force mixture was developed by the MNF and UNMIH staffs upon completion of a thorough mission analysis.

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NATIONS CONTRIBUTING FORCES TO PARTICIPATE IN UNMIH

Mr. Spence: General Sheehan, the U.S. has committed 2,400 troops to participate in the UN-led phase in Haiti of "UNMIH." What other nations will be contributing forces to participate in UNMIH?

General Sheehan: Nations participating as military components to UNMIH will contribute approximately 4000 personnel. Djibouti will join the operation once UNMIH draws down sufficiently to enable them to fit under the 6,000 force cap.

● UNMIH MILITARY:

BANGLADESH (1050)	GUATEMALA (120)	CARICOM (275)
NEPAL (410)	CANADA (474)	HONDURAS (120)
INDIA (120)	NETHERLANDS (135)	PAKISTAN (850)
SURINAME (36)	ARGENTINA (15)	DJIBOUTI (440)

Nations participating in civil-police operations will contribute approximately 900 personnel.

● UNMIH CIVPOL:

ALGERIA (15)	ARGENTINA (101)	AUSTRALIA (TBD)	TOGO (20)
AUSTRIA (20)	BANGLADESH (88)	BARBADOS (11)	BENIN (35)
GUINEA BISSAU (20)	CANADA (100)	DJIBOUTI (15)	NEPAL (29)
DOMINICA (5)	GRENADA (10)	JORDAN (146)	FRANCE (100)
ST KITTS-NEVIS (9)	ST LUCIA (9)	SURINAME (15)	MALI (25)
ST VINCENT (12)	SENEGAL (20)	RUSSIA (5)	

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Mr. Spence: General Sheehan, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

Are you adequately resourced to accomplish the needed training to meet the range of mission requirements associated with your AOR?

How do you, as a CINC, measure the readiness of the forces that will be assigned to your command? Are you comfortable that you have an adequate method of assessing the forces that are provided and would you please describe to the committee what this assessment method is?

Given that, as a general rule, you cannot properly recover missed training opportunities, what measures do you believe are necessary to ensure that training resources are not unnecessarily diverted for support of unplanned contingencies?

How has the recent high level of contingency operations affected your ability to conduct training and joint exercises? Have you had to cancel or curtail any joint training exercises? If yes, what impact has it had on your ability to conduct joint missions?

What has been the impact of contingency operations on the readiness of forces in your AOR?

Do you expect the high pace of operations to continue? If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements?

General Sheehan: Answer to question 1: USACOM is currently involved with the other Warfighting CINCs and the Joint Staff in more closely defining worldwide joint training requirements. In order to support our training mission, USACOM should be staffed and funded to the requirements defined in the Implementation

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Plan. Also, the Joint Training Analysis and Simulation Center (JTASC) needs to be fully funded to realize the planned economies and maximize the leverage that emerging technologies and distributed simulation will give us. The capability and dynamic flexibility that the JTASC represents is essential to our joint training mission and has become the cornerstone of our Joint Task Force Staff training program.

Of continuing concern is the impact of contingency operations on training. Contingencies are not budgeted for and are funded at the expense of training and maintenance budgets. If timely and adequate supplemental funding is not received, training for mission requirements is directly impacted. Examples of the impacts include: reduced and/or canceled training events, including joint and combined exercises; curtailed operations; flight hour cuts; and reduced steaming days. Other actions deferred will range from ship overhauls and depot maintenance to purchase of spares inventory and replenishment. The cumulative readiness effects of these actions are considerable. Worse yet is the impact on the quality of life of our people as training, promotions and facility maintenance goes un-/underfunded.

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USACOM's mission continues to evolve as we move to execute the tasks set before us by the Defense Planning Guidance and the Unified Command Plan. If resourced according to planned levels and the costs of contingencies receive timely and adequate supplemental funding, we should be in good shape to continue our record of supplying fully trained and ready joint forces for any contingency.

Answer to question 2: A visit to USACOM or its components demonstrates that we have the highest quality military force our nation has ever fielded and that our components are capable of executing the missions required of them. However, in measuring and assessing the readiness of forces, the following points should be considered.

First, the current readiness system only measures static metrics. It does not measure joint readiness, nor is it predictive in nature. Readiness should not be characterized solely by static measurements of on-shelf supplies. Instead, readiness needs to reflect the ability to effectively assemble, train, and employ the capabilities of designated units and subunits.

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Today, initiatives are ongoing to ensure the readiness of our forces are being accurately and adequately measured, assessed and monitored. First, joint requirements are being defined in terms of Joint Mission Essential Tasks (JMETS), compiled into CINC Joint Mission Essential Task Lists (JMETLs) and will be used by CINCs and supporting commanders to assess and prepare joint forces to meet requirements. Secondly, component commanders participate with USACOM in the Chairman's Readiness System whose product is the Joint Monthly Readiness Review (JMRR). This process relies on a series of Service and CINC inputs aggregate of which presents a broad picture of readiness. These inputs are scrutinized and discussed at several levels in the respective chains of command and are ultimately approved by the commanders as representing their readiness posture. This allows for tailored responses that add to the credibility of the assessment. Additionally, the JMRR helps provide better objectivity through scenario guidance. It allows headquarters to assess readiness against relatively specific capabilities requirements within the CINC's Area of Responsibility (AOR) and against Major Regional Contingency (MRC) scenarios of the Bottom-Up Review (BUR).

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The accuracy and sufficiency of readiness assessments have improved as a result of the emphasis in these areas. To be sure, these systems are not mature and will be refined over the near term to better reflect the "jointness" that, until now, have largely gone unaddressed. Of note, there is great value to even the development stage of these systems because of the staff cross talks among our staff members, as well as between those of other headquarters and the Joint Staff.

Answer to question 3: Adequate and timely supplemental appropriations remain the primary way to minimize the impact of unplanned contingencies on training. Because of the unplanned nature of contingencies, it is impossible to adequately budget for them. When they occur, and forces are deployed, they must be paid for with whatever funds are available. This affects not just training, but necessary maintenance and quality of life as well. The best that we can do in these cases is to prioritize our remaining training resources to support the training of our highest priority forces while at the same time seeking the necessary supplemental funding in a timely manner to ensure that

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essential training opportunities are not lost. The ideal situation would be a contingency fund that could be drawn upon to support contingency operations and thereby minimize their impact on training.

Answer to question 4: We know that recent commitments have adversely affected our readiness to perform selected missions. We have always faced the challenge of maintaining readiness while deployed. Historically, the decrease in readiness was caused by training constraints, such as we face today. Constraints such as O&M funding, contingency commitments in excess of our ability to train and exercise to maintain proficiency in all mission areas, unavailability of overseas training ranges, and host nation sensitivities, to name a few.

Fortunately, CJCS, CINC and Service training enhancements continue to improve our warfighting capabilities. However, overall readiness has, in fact, been degraded in some areas due to heavy contingency commitments. The impact is particularly severe on low density, specialized forces. While not disregarding the inherently valuable experience that participation in contingency operations provides forces, recent

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contingencies have created an OPTEMPO training distribution and quality problem. A small part of the force is, in a sense, over-trained while the proficiency of other parts is diminished. This often is simply a result of balancing the O&M budget to meet requirements of supported CINCs. A prime example of this is aircrews flying combat air patrol sorties over Bosnia. These crews tend to be high on flight time, but lack training in such core areas as air-to-ground ordnance deliveries, training that cannot be addressed simultaneously with their forward deployment tasking. Similar effects on readiness are seen in our other components as well. The Army's TF 2-159, 18th Avn, flew over 1800 hours in Haiti; however, less than 1% of the flight hours were at night. They returned untrained for this wartime requirement, requiring 8 to 10 weeks to regain night vision goggle proficiency. To participate in exercise Strong Resolve-95, the Second Marine Division had to form a provisional rifle battalion from an artillery battalion to serve as the ground combat element of the MAGTF. As a consequence, an artillery battalion trained as infantry for over two months. Numerous ships scheduled to be in Guantanamo Bay for basic training were diverted to Haiti. This caused delays in completing the Basic

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Phase of the Inter-Deployment Training Cycle (IDTC) of the Navy's Tactical Training Strategy (TTS) for these units. Training was subsequently completed but required additional time at sea and an increase in Operations Tempo (OPTEMPO). We are addressing these issues both at the Service unit level through our components and jointly as we train and package USACOM force capabilities to meet our mission taskings and those of supported CINCs.

Although ACOM has not canceled exercises outright, some joint and component exercises were significantly changed as a result of contingency operations. For example, JTFEX 95, a large joint exercise involving a Navy carrier battle group, Marine Corps Amphibious Ready Group, Army and Air Force units, was significantly reduced due to requirements of Operation Uphold Democracy. This modification shows the impact of contingency operations on training and exercises.

From an equipment standpoint, necessary training, coupled with humanitarian and peacekeeping contingency operations place a heavy operating burden on certain types of equipment. Notably, aging C-141 aircraft have been required to fly more hours than the calculated useful life programmed hours, thus aging the airframes more quickly. Similarly, construction equipment has

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been heavily used in virtually all Operations Other Than War (OOTWs), causing increased usage of spare parts inventories and aging problems similar to the C-141 fleet. Continuous operations in harsh operating environments, such as South West Asia (SWA), have affected airframe and vehicle components in those AORs. These effects, over time, will degrade the ability of units to fight an MRC. At some point, training will have to be curtailed in order to preserve these overused assets for contingencies.

Answer to question 5: Readiness has been assigned our top priority. We cannot permit the force to become unready or hollow. If we permit the force to go hollow, we will have an unaffordable uphill climb to future readiness. Unequivocally, frequent deployments and personnel intensive peacekeeping compounded the impact on the demanding life of soldiers, sailors, airmen, and marines and their families, and severely undermined military quality of life for those involved in the operations. Quality of life and people programs are vital for retention of USACOM's most valuable asset, our people. In spite of the largely robust O&M spending of the past two years, quality of life and people programs did not flourish at their programmed levels. Quality of life programs were tapped to support unprogrammed contingency

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costs. To illustrate, FY94 contingencies in Bosnia, Somalia and Haiti, along with the migrant support provided at Guantanamo Bay, Cuba, cost the U.S. Atlantic Fleet \$233 million. Reimbursement to the Fleet to cover those unprogrammed costs fell short by \$65 million. That is \$65 million that had to be reprogrammed from already budgeted initiatives and programs. Reprogramming initiatives included the deferred renovation of five bachelor quarters at four bases and deferral of several special renovation projects at seven bases.

Within USACOM, the five most heavily tasked units/skill specialties this past year have been military police (MP) Companies; transportation personnel and engineer units; surface combatant ships (including light airborne multipurpose system (LAMPS) MK III helicopter detachments); low density, high demand aviation units such as reconnaissance aircraft and AWACS; and the infantry battalions, helicopters and F/A-18 squadrons of the Marine Air Ground Task Forces (MAGTFs).

Other examples of high demand organizations are medical units; including logistical, veterinary, Preventive Medicine, and Area Support Medical Companies; and combat and combat service support units such as water purification units; and Corps Support

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Groups. Many of the medical organizations are small 5-15 person detachments that have specific skills required for critical support. The veterinary detachments are important, for example, because they have the inspectors to inspect food and food services. Water purification units are popular because the Reverse Osmosis Water Purification Unit, the device that purifies the water, is critical to the health and well-being of the deployed soldiers and often the population of the country where the deployment is taking place. Each Army Corps has only one Corps Support Group, yet the Support Group must operate support operations at home station as well as the forward location. Generally, combat support and combat units are the most heavily tasked.

The average soldier of the XVIII Airborne (ABN) Corps, of which the 10th Mountain Division is a part, spent more than seven months away from home and family last year. The 16th Military Police Brigade, stationed at Fort Bragg, North Carolina, is experiencing extremely low reenlistment/retention rates, the lowest in the XVIII ABN Corps. Personnel turbulence has been well documented in Unit Status Reports and soldiers are voting with their feet by not reenlisting. For example, to meet our MP

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requirements the average length of MP company deployments for contingency operations during 1994 was 4.5 months with the average time between contingency deployments 11 months. For 1995 deployment length is projected to be 6 months with the average time between deployments 9.2 months. Expanded MP requirements for contingency operations would likely further reduce the projected length of time between deployments.

The impact to Air Combat Command (ACC) readiness has been significant as well. ACC is also a force provider to CENTCOM and EUCOM, and by having to support contingencies in three theaters simultaneously, ACC flying units have shown a decrease in the number of C-1 rated units over the last few years. Additionally, deployments to contingency operations limit the number and type of combat training events its crews can complete and cause a deterioration of perishable combat skills.

From a fiscal perspective, nearly \$200 million in high priority shortfalls were identified in FY94, principally related to aircraft and shore facility maintenance. There is a growing concern about facilities maintenance backlog and backlog of depot maintenance of ships and aircraft. For FY95, there is a similar overall shortfall.

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In summary, USACOM's mission continues to evolve as we move to execute the tasks set before us by defense planning and the Unified Command Plan. If resourced according to planned levels and the costs of contingencies receive timely and adequate supplemental funding, we should be in good shape to continue our record of supplying fully-trained and ready joint forces for any contingency.

Answer to question 6: There is little reason to expect a significant change in the level of operations. Several actions can help ensure force readiness to meet short and long term requirements. Sustained funding at the proposed FY96 level will allow the proper balance of readiness and a satisfactory recapitalization effort to replace aging weapons systems and equipment in order to meet primary taskings. Aircraft modernization programs, increasing inventories of precision munitions, and C4I enhancements are just a few areas of improvement that will solidify America's future warfighting readiness. We must address near-term readiness without drawing down modernization accounts further. Care must also be taken to avoid diverting funding from Service readiness accounts, as was done in the past two fiscal years, to support unplanned

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contingency operations. The price in canceled training events, unpurchased but needed repair parts, deferred maintenance of equipment, and degraded wartime skills is both unacceptable and avoidable. Timely reimbursement through such measures as the current FY95 Contingency Supplemental is key to mitigating these impacts on readiness. There are several factors affecting these categories; however, I think overall short-term readiness is better off than long-term. Both near-term O&M spending and medium-term expenditures should maintain our current readiness standards. And, I might add, medium-term readiness is the recipient of considerable funding interest as a result of Secretary Perry's initiatives committing \$25 billion to improve quality of life and people programs over the next five years. The long-term recapitalization of our forces, however, must be given increased focus to ensure aging equipment, ships and aircraft are replaced with modern technology to help maintain our battlefield advantage. We must be ever mindful about slipping new acquisitions to fund current O&M shortfalls. Since USACOM and the other Unified Commanders do not have acquisition dollars, we need to continue working closely with our components to ensure our best interests are presented to higher authorities.

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Critical force enhancements for maintaining our competitive advantage in combat in the years ahead encompass strategic mobility, to include airlift, sealift, and prepositioning; advanced precision-guided munitions to increase the lethality and survivability of U.S. forces; enhancements to surveillance and command and control and communications capabilities; and improved readiness among Selected Reserve component forces, particularly the 15 brigades of the Army National Guard. As we have reduced forces deployed to overseas locations, maintaining the capability to rapidly deploy or redeploy forces anywhere in the world has increased in importance. Strategic mobility using a combination of sealift, airlift and prepositioned assets is crucial to ensuring our forces' flexibility to respond to a variety of contingencies anywhere in the world in a timely manner. Once deployed, our forces must have the tools to engage the threat. Advanced precision-guided munitions build on our previous technological success to give us lethality and standoff capability that better protects our forces. The emerging new families of these weapons show great promise, especially when coupled with the enhancements to surveillance, command and control, and communications addressed here. Building a battle

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space picture for the warfighter will enable us to choose the appropriate force or combination of forces to deter or destroy threatening forces. Much work is being done to ensure we have the right forces, the right equipment and the right training to seize the advantage we have as a result of the technological advances in this area. In addition to the previously mentioned requirement for strategic mobility, we need to continue the ongoing initiatives supporting our Reserve and National Guard forces. Our increased reliance on these forces, due to the reduction of the active force structure, makes it imperative that their readiness and ability to perform alongside their active duty counterparts is uncompromised. ACC is seeing this policy of greater reliance on the Reserve component work in the EUCOM AOR but requiring greater emphasis in the CENTCOM theater. They will continue to be vital to our national military strategy in the future and must be supported accordingly.

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USACOM INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET) VALUE

Mr. Spence: General Sheehan, as you know, there has been discussion within Congress to restrict or restrain the use of International Military Education and Training (IMET) funds. In his testimony before the committee on February 28, Admiral Macke, CINCPAC, stated that "one of our most effective, yet inexpensive Cooperative Engagement reassurance activities is the training of young military leaders from the PACOM AOR in the United States." How do you assess the value of IMET activities in your theater?

General Sheehan: IMET is a low-cost program to advance defense policy objectives on a global scale. Historically, the primary purpose of IMET has been to provide non-political, professional military education designed to create the technical skills needed to operate and maintain U.S.-produced equipment; foster development of an indigenous training base; and help improve foreign expertise and systems for the efficient management of a defense establishment. The program has changed somewhat since FY91 when Congress established an initiative within IMET that includes foreign civilians outside of defense for the first time and offers them and military officials better training in three areas: managing and administering defense establishments and budgets; creating and maintaining effective military judicial systems and codes of conduct, including the observance of internationally recognized human rights; and fostering greater respect for the principle of civilian control of the military. This initiative is called Expanded IMET, or E-IMET.

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According to a recent National Defense University IMET survey, distributed by USACOM to the Security Assistance Organizations (SAOs) in Jamaica, Trinidad, Dominican Republic and Eastern Caribbean, the IMET program is widely considered to be a valuable tool for promoting stable, friendly relationships with foreign military leaders, many of whom, themselves, are graduates of military schools in the United States. USACOM, as well as the SAOs, strongly believe the program demonstrates U.S. interest and goodwill, complements other U.S. initiatives, and develops a core group of well-trained, professional leaders with firsthand knowledge of the United States. This core group greatly makes a difference in winning access and influence for U.S. diplomatic and military representatives.

There is an abundance of anecdotal information directly correlating the success of our other Security Assistance programs in the region with the success and popularity of the IMET program. Each of the SAOs maintains a list of foreign military and civilian leaders, now residing in "positions of prominence", who have been trained under the IMET program and wield considerable influence within their respective governments and militaries. These leaders, who are now USACOM and SAO points of

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USACOM INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET) VALUE contact, provide the U.S. Government (USG) considerable "access" and "leverage" in ensuring smooth coordination for other regional programs/initiatives, such as Foreign Military Financing, JCS exercises, Deployments for Training, Military Observer Group, CARICOM coalition, etc.

The bottom line is the IMET program is very valuable to USACOM and the USG. It has improved professional skills, both U.S. and foreign, influenced foreign civil-military relations, promoted democracy abroad, and most importantly, provided the United States with the access and leverage to foreign governments and militaries to ensure understanding of and cooperation with USACOM theater strategy and objectives.

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Mr. Spence: General Sheehan, the force presence mission remains a significant force structure driver for forces above those that are required to execute the BUR warfighting strategy. The Navy, for example, holds that additional ships are required to avoid excessive time away from home.

On what level of analysis is the current forward presence doctrine based?

What alternatives were considered for satisfying the force presence requirement (for example, different force structure mixes including increased use of reserve forces, episodic presence, virtual presence, etc.)?

General Sheehan: In answering this question, I will discuss overseas presence both from a global perspective, and from the perspective of overseas presence within the USACOM area of responsibility (AOR). Then, I will address alternatives which have been considered.

GLOBAL PERSPECTIVE

Efforts to date to quantify the amount of presence needed, or even to develop a universally acceptable method of measuring presence, are in their early stages. Similarly, efforts to develop doctrine on overseas presence have not been completed. The Joint Staff, in close coordination with the Office of the Secretary of Defense, and all Unified Commands have been actively engaged in an analysis of overseas presence requirements under

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the Joint Warfighting Capabilities Assessment (JWCA) program. USACOM fully supports this ongoing overseas presence analysis.

The issue of overseas presence, in one form or another, has been debated since the first days of our Republic. As the strategic landscape has shifted, we have adjusted our overseas presence and re-evaluated the mix and rhythm of our force requirements. There is little doubt as to the overall utility and purpose of presence -- assurance, influence, deterrence, and crisis response. These purposes are as valid today as they have been for the past 200 years, however, it is the scope and magnitude of the threat that should tailor our response.

Since the end of World War II, a pattern of overseas presence has evolved to support our strategic goals. That need has now changed; logic would dictate that old paradigms for presence should do likewise. As an example, the United States has maintained naval and ground forces in Europe and the Far East on a continual and rotational basis since 1945. Recognizing that deployments should occur because there is a requirement, not simply to fill a schedule, the Bottom-Up Review and other efforts have considered what levels and types of U.S. force presence are needed in the post-cold war environment.

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Much of our current investment in overseas presence can be supplemented or offset by making flexible use of combined and joint force capabilities.

We are faced with the reality of constraints on our resources. We can do better if we become more flexible in developing methodologies to respond to new challenges and by breaking old models if they no longer apply. Heretofore, our presence has been more or less constant. A transition to a capabilities-based paradigm for presence would afford us the flexibility and strategic agility needed to meet emerging challenges. Flexible application can be determined by asking ourselves these questions: What is the right force mix, given the challenges we foresee? What is the requisite rhythm and frequency of rotational forces? Does presence have to be constant or can it vary in response to need? Can the form of presence be modified by technology? Does information connectivity with allies allow other changes? As the joint force integrator, we have and are continuing to contribute to forming the response to these questions. The task is substantial,

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but this continual process of appraisal will lead to further positive change.

The present force structure and deployment routines are evidence of some of the changes which have resulted from this appraisal process.

The type or method of presence, whether forward based or rotational, requires constant and comprehensive review to ensure it is proportional to the threat. Such a review permits us to make the best use of all the capabilities in our Nation's armed forces - at a time of diminishing resources. We are no longer simply concerned with containing a single adversary. Today, we must be ready to respond to a diverse set of regional and ambiguous threats.

In achieving the National Military Objectives of promoting stability and thwarting aggression, the February 1995 National Military Strategy, lays out three strategic objectives of peacetime engagement, deterrence and conflict prevention, and fighting and winning the Nation's wars. The specifics of this strategy are accomplished by the two complementary strategic concepts of overseas presence and power projection. As stated in the National Military Strategy, overseas presence takes the form

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of both permanently stationed forces and forces temporarily deployed abroad. Thus, we maintain overseas presence not only through forces permanently stationed overseas but also through a broad program of routine air, ground and naval deployments, various contingency operations, and global prepositioning of equipment. Overseas presence helps to keep important infrastructure available and ready in times of crisis. These forces provide visible proof of our commitment to defend American interests and those of our allies and friends.

To summarize the macro-level analysis, the global situation now allows for a rethinking of the organization and structure of overseas presence. The cost of doing "business as usual" is prohibitive and may be counter-productive to our ability to respond to emergent situations in non-traditional areas. Effective use of joint and combined capabilities will permit the most economical use of military resources.

USACOM PERSPECTIVE

The USACOM AOR covers over 42 million square miles of the earth's surface. As each AOR is unique, with varying "prescriptions" for success in terms of presence, so is our AOR. Largely maritime in focus in the past, we have been responsible

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for providing safe lines of communication to Europe, as well as providing the NATO springboard through our bases in Iceland and the Azores. Our Caribbean basing activities have been more readily visible in recent years, as witnessed in our continued focus on Cuba, and as most recently displayed in Haiti. While seeking the expansion and encouragement of regional democracies, our permanent overseas presence within the AOR has been deliberately limited. We have been proactive in adjusting our presence profile during the last several years in response to world changes and long term strategic needs.

The proximity of our AOR and the availability of training facilities allows us to reduce or eliminate rotational presence requirements. Because presence does not have to be limited to military units or permanent establishments, USACOM has tackled the broader task of blending all interagency tools, available programs, and allied contributions to meet AOR requirements. In this way, the desired end state - regional stability can be achieved through teamwork and interagency cooperation.

The success of our initiatives is best illustrated in the combined regional response to restore democracy in Haiti. While there was clearly a convergence of political will and a need to

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act, USACOM already had mechanisms in place to exploit the opportunity to respond. We seized the opportunity to nurture the good will developed through regional alliances and obtained the seaport and airfield basing rights necessary to facilitate deployment and migrant interdiction. Coupled with our use of joint and combined forces, and working with the interagency, we were able to successfully and peacefully restore the legitimate government. Further testimony to the value of coalition building was witnessed in the successful deployment of Caribbean Regional Security System (RSS) forces to St. Kitts to quell internal upheaval following Fall elections. The RSS, acting through its own determination, demonstrated that measures can be undertaken by coalition partners in the interest of regional stability. USACOM's approach to develop programs and exercises is designed to build strong coalition and alliance capabilities, enhancing our influence within the region and assuring our allies that we will remain engaged to maintain stability. Within the USACOM AOR, we have attained our regional objectives through combined exercises, foreign military financing, international military education and training, and professionalization seminars and conferences.

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Flag level professionalization seminars such as the Caribbean Island Nation Security Conference (CINSEC) have proven instrumental in furthering the assurance and influence factors of overseas presence. Similar beneficial gains have been realized in our Joint Overseas Training (JOT) program which combines Humanitarian and Civic Assistance (HCA) construction and medical/dental projects with planned Exercise Related Construction (ERC). ERC supports our objectives by satisfying political, economic, and military goals and providing excellent unit training in a joint/combined environment.

Among the exercises which provide valuable utility to AOR overseas presence purposes is Tradewinds. An annual combined field/command post exercise, Tradewinds is designed to enhance U.S., U.K. and Caribbean Defense and Police organizations in the performance of combined operations in support of regional security goals and objectives. While currently centered in the Eastern Caribbean, Tradewinds has the potential for expansion in the near-term to include all island nations within the USACOM AOR and provide even more in the way of Caribbean-wide interoperability preparedness and combined capabilities.

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USACOM is not dependent upon a regularly scheduled rotational presence to assure and influence our allies. We do need the capability to surge fully trained, rapidly responsive forces, ready and able to operate effectively in a joint/combined environment - as we did for enforcement of UN sanctions against Haiti (UNSCR 917), migrant interdiction and safehaven operations, and Operations Uphold/Maintain Democracy. Most important, we need the capability to maintain, sustain, and strengthen our current Nations Assistance and exercise programs as the security environment will continue to demand adaptation.

In summary, the USACOM overseas presence program de-emphasizes permanent presence and emphasizes flexibility and strategic agility. By minimizing our profile and relying on a variety of joint and combined resources, we are able to rapidly deploy forces when required and in the proper composition.

ALTERNATIVES

In response to the second part of your question, USACOM occupies a unique vantage point since we are both a geographic Unified Command and the Joint Force Provider/Integrator. An important first step to cope with the presence issue is to fully

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exploit the complementary group merits of trained joint forces, deployed and readily available from CONUS.

Historically, we have responded to theater requirements from a threat-oriented perspective with specific combinations of forward stationed forces and standard augmentation/reinforcement packages. From this type force specific orientation, we are moving toward capability-based planning. USACOM has initiated efforts in the area of capability-based planning and development of joint force packages. Joint force packages are developed based on theater commander's requirements to respond to current and projected situations over a wide range. Depending upon their desired response time, these force packages could be capable of deploying on short notice to meet requirements in any theater. The concept of tailoring and training joint forces in CONUS for worldwide applications will evolve as we restructure to meet the challenges of the new security environment.

USACOM's evolving experience in assembling tailored joint force packages for forward presence and crisis response began with Adaptive Force Packaging in the Theodore Roosevelt Battle Group and has progressed to the forward presence/crisis response joint force packages (Joint Task Force 95 series).

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The JTF-95 series has been constructed under the Unified Command Plan direction to "identify and prepare, in concert with other CINCs, joint force packages for worldwide deployment." USACOM objectives have been to provide enhanced joint training, provide increased capability forward, strengthen joint task force (JTF)/joint task group (JTG) C4I architecture, evaluate alternative approaches to rotational deployments, and exercise future joint capabilities. These objectives are evolutionary in nature and built on lessons learned from earlier force packaging efforts.

Enhanced joint training occurs by ensuring the forces identified for potential employment are trained together under the direction of a Joint Task Force Commander. USACOM links existing training schedules and capitalize on those events where unit level training can be enhanced to include the joint training needed to support forward CINCs. The process does not add more training to further tax organizations and personnel, but instead enhances what already exists by coordinating opportunities to train jointly.

The JTF-95 series provides an increased available capability for the supported CINCs. The forces to be utilized in JTF-95 draw

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from all brands of capabilities resident in the U.S. armed forces. Additionally, the JTF C4I architecture is being strengthened to ensure it will be effective, efficient, and interoperable with the supported CINC command and control architecture. Predeployment joint training exercises strengthen the commonality of doctrine and equipment.

As directed by defense planning, alternative approaches to rotational deployments will continue to be evaluated. During predeployment work-ups and in-theater operations, the assigned aircraft carrier or another command and control ship can serve as the afloat Joint Task Group headquarters, with embarked Officer-in-Tactical Command. Compensation for traditional packages and deployment packages can be obtained using the big-deck flexibility of the assigned amphibious readiness group to cover, when and if required, the absence of the carrier from the CINC area of responsibility.

With our JTF 95 initiative, we have seized the opportunity to dynamically assemble, train, and provide joint service capabilities to meet theater CINC requirements. Each joint task force/group has been tailored to meet national goals and

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objectives while being responsive to fiscal realities. The forces have been trained to fight together; they are ready and flexible, able to act with forward deployed forces, surge forces or myriad combinations. Their composition and training have been shaped for the full spectrum of response, from major regional contingencies to operations other than war. The JTF presence concept is not limited to maritime presence, nor is it applicable only to the European/NATO theater. The capabilities of our Air Force assets and our ability to strategically deploy and employ trained ground forces can be fully utilized around the globe. The strengths inherent in this concept can be further exploited and amplified in concert with allied and coalition forces. JTF 95 is an important first link in the process to use the full spectrum of capabilities resident in our nation's armed forces for future presence and response requirements.

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PROFESSIONAL MILITARY EDUCATION SYSTEM

Mr. Spence: General Sheehan, as the proponent for joint training of nearly all U.S. forces stationed in the Continental U.S., are you confident that the current professional military education system is producing high quality officers capable of operating in joint operations?

General Sheehan: Yes sir, I am confident that the current professional military education (PME) system is producing high quality officers. High quality, well-educated officers such as the graduates of our Service War Colleges and Staff Colleges and the National Defense University, serve in critical billets on the USACOM staff where they fulfill a vital role in developing responses to complex near-term crises as well as strategic plans for the future.

I believe that there are potential improvements, however, along the lines of several of the recommendations of the recent CJCS Joint Professional Military Education Review Panel. These include,

- Further refinement of Joint PME objectives and standards to better meet emerging needs of the future, particularly in the area of joint and combined operations;
- Refining the Intermediate Service College programs to incorporate joint military education sufficient to prepare most graduates to serve satisfactorily in most joint billets, without

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additional joint education at the Armed Forces Staff College (AFSC) as is now required for Joint Specialty Officer certification;

- Determining which joint positions require advanced specialized training and education, and developing programs for providing that required training and education at the Armed Forces Staff College, to include programs for the training of officers assigned to joint billets who have not had the opportunity to attend an Intermediate Service College in residence; and
- Studying the need for a joint intermediate course and/or an advanced joint study program at AFSC similar to the advanced Service programs.

These recommendations should be pursued in an attempt to further improve our professional military education system.

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ALLIED TRAINING AND READINESS ASSESSMENT

Mr. Spence: General Sheehan, as a warfighting CINC, you are required to report periodically to the Chairman, JCS and to the Secretary of Defense on a range of subjects that pertain to the readiness of joint forces to conduct operations in your AOR.

Do you integrate the status of training and readiness of traditional allies and coalition members in your assessments? Why or why not?

General Sheehan: Within the U.S. joint assessment process, a mechanism does not exist that integrates allied training and readiness. As a CINC, I only have cognizant visibility of allied capabilities to the extent that their respective governments permit. Thus, a CINC's ability to integrate allied capabilities is limited, both technically and politically. Technically, an institutionalized agreed-upon system does not exist, nor is one planned. Politically, to gain "visibility" of allied training and readiness would require individual political agreement by each ally. Just as the U.S. has restrictions on forces supporting UN operations in Haiti, so do our coalition partners have restrictions on their forces and their capabilities depending on the nature of the operation or exercise concerned.

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ALLIED TRAINING AND READINESS ASSESSMENT

But not having a formal system does not mean that we are unaware of or do not maintain a continuous dialogue with our allies as to their capabilities.

In my NATO role, as Commander, SACLANT, I have the unique opportunity to participate in the integration of NATO forces. Two reports that provide visibility of these NATO forces are the Force Effectiveness Report (FER) and the Suitability and Risk Assessment (SRA). The FER is designed to acquaint the highest NATO authorities with the Commander's personal views on capabilities, improvements and shortcomings of forces assigned and earmarked. This report is addressed to the Secretary General, Chairman, Military Committee and Ministries of Defense. The SRA is an enclosure to the Military Committee's Suitability and Risk Assessment (MCSRA).

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Mr. Spence: General McCaffrey, last September you were required to construct temporary camps for over 8,000 Cuban migrants in about a 2-week period. These camps were directly supported by nearly 7,000 military personnel of your command and by 4,000 augmenting forces from the United States sent to assist you. The last of the migrants were moved from Panama to Guantanamo Bay, Cuba last week.

- How did you pay for these extraordinary efforts? What was the impact to your 1994 budget, what will be the impact to your 1995 budget? Were you reimbursed partially or in full for these unprogrammed expenditures?

General McCaffrey: There was no adverse impact on our 1994 budget--United States Army South (USARSO) received 100% funding from the Army Budget Office at Headquarters Department of the Army (HQDA) in 1994. As the Command's executive agent for the Cuban migrant camps, USARSO used fourth quarter operations and maintenance funds to begin construction of the camps. In Fiscal Year 1994, HQDA provided full reimbursement to SOUTHCOM for expenses incurred in constructing and running the Operation SAFE HAVEN camps.

In Fiscal Year 1995, USARSO received authorization from HQDA to use Fiscal Year 1995 4th quarter funds to pay for Operation

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SAFE HAVEN expenditures pending approval of the Fiscal Year 95  
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There will be no impact on our 1995 budget since the Fiscal  
Year 1995 Emergency Contingency Supplemental Bill was approved by  
the President, and HQDA has restored all costs incurred for  
Operation SAFE HAVEN (\$29.2 Million).

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Mr. Spence: General McCaffrey, last September you were required to construct temporary camps for over 8,000 Cuban migrants in about a 2-week period. These camps were directly supported by nearly 7,000 military personnel of your command and by 4,000 augmenting forces from the United States sent to assist you. The last of the migrants were moved from Panama to Guantanamo Bay, Cuba last week.

- What was the impact on the readiness of the nearly 11,000 military personnel who were used to support these camps? What scheduled training were they not able to conduct and what is the plan to make up this lost training time?

General McCaffrey: We take great pride in preparing our troops from basic training on to respond professionally to whatever mission they are given. In this case, their mission was to provide safe havens for fleeing Cubans. They performed this mission by displaying incredible discipline, judgment, and courage under difficult circumstances. Men and women from all our services served in the security forces which protected the SAFE HAVEN camps. Our troops acquitted themselves superbly by any standard--performing in a manner which any soldier, sailor, airman, or Marine can be proud.

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As to the long-term impact of these missions on readiness, we believe it's not significant. Many of the military personnel supporting Cuban migrant operations performed tasks directly related to their wartime missions. The medical, engineering, military police, logistics, psychological operations, civil affairs, and communications elements in support of Operation SAFE HAVEN received useful training from participation. However, collective unit training of some combat and combat support units was degraded. As a consequence, post-Operation SAFE HAVEN operations will require training of individuals and units to regain certain skills to reacquire their combat readiness.

Although some specific scheduled training was missed, we do not believe this will have any long-term negative impact on the units involved. As an example, at the time of the migrant camp disturbances, the 2d Battalion, 75th Ranger Regiment, U.S. Army, was undergoing jungle operations training in Panama. This

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battalion was taken out of the jungle training cycle and assigned to augment migrant camp security.

Although the battalion did not get the full benefit of its jungle training rotation, it gained valuable operational experience as a unit from participation in Operation Safe Haven. I might add that Ranger units routinely conduct jungle training at the Panama school. This unit will have an opportunity to make up the missed jungle trainig at a later date.

We assess that the units involved in Operation Safe Haven will not have any long-term readiness degredation.

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Mr. Spence: General McCaffrey, concerning the migrant riot in December, it was SOUTHCOM's initial assessment that the enormous growing frustrations among the migrants would eventually result in violence. When this did happen, you expressed surprise that the migrants turned on the U.S. troops who had been caring for them.

- What, in your opinion, was the cause for these riots?

General McCaffrey: When the Cuban migrants arrived in Panama, we assessed their mood as one of growing frustration. We recognized that the possibility for violence always existed. We considered violence in the camps to be inevitable, but did not anticipate major violent acts against our soldiers. We did expect destruction of camp property and mass escape attempts. We attempted to reduce their frustrations by providing the best possible camp conditions and encouraging the Cubans to take ownership of their welfare while awaiting a political solution to their situation.

SOUTHCOM provided the migrants opportunities for recreation and access to their relatives and the media. We organized an active community interaction program to limit the sense of isolation felt by the migrants. Our troops working within the camps made every effort to establish friendly relationships with the migrants. So, when you consider the quality of the care

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provided by the U.S., the close interaction between the migrants and those caring for them, the degree of violence directed at our troops did come as a surprise. The fact that violence occurred can be attributed to several factors:

First, frustration among the migrants. They departed Cuba with an expectation of being welcomed into the United States; expecting a simple process to reunite them with relatives already in the United States. However, they found themselves in camps outside of the U.S. living in political uncertainty. Moreover, many Cubans volunteered to move to the Panama SAFE HAVEN viewing this as one step closer to entry into the United States. When U.S. policy requiring them to return to Cuba for U.S. entry visas was established, their anger grew over lack of future prospects.

Second, the Cuban migrants regarded this U. S. Government policy as merely temporary, believing a more favorable political solution was imminent. For some, as time wore on it became increasingly evident that the policy would not change in the near term. The number of migrants that we were able to repatriate further fueled discontent among the few agitators left behind.

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Finally, a third factor involved the migrants' desire for media attention to publicize their situation and thereby pressure the U.S. to change its immigration policy toward Cuban migrants. Some Cuban agitators encouraged violence during the time of the Summit of Americas in Miami in an attempt to focus world media attention on the Cuban migrant situation.

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Mr. Spence: General McCaffrey, concerning the migrant riot in December, it was SOUTHCOM's initial assessment that the enormous growing frustrations among the migrants would eventually result in violence. When this did happen, you expressed surprise that the migrants turned on the U.S. troops who had been caring for them.

- Do you believe that the same frustration and volatility experienced in Panama will be transferred to the new camps in Guantanamo?

General McCaffrey: Responsibility for the camps at Guantanamo Bay, Cuba rests with the Commander in Chief, Atlantic Command. He can give a more precise assessment of the conditions in the camps. The frustration of those residing in the migrant camps at Guantanamo may persist as long as they continue to have anxieties about the future of their status as migrants.

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Mr. Spence: General McCaffrey, how are the Panama Canal Treaty Implementation and U.S. military drawdown progressing for the eventual turnover of U.S. bases and facilities to Panama by the end of 1999? What key issues still need to be addressed?

General McCaffrey: Planning for the withdrawal of all U.S. military forces from Panama by noon 31 December 1999 is proceeding in accordance with the November 1994 Panama Canal Treaty Implementation Plan. This plan provides guidance for the orderly, phased withdrawal of U.S. military personnel stationed in Panama in conjunction with the transfer of all Department of Defense-controlled military installations and facilities to Panama. The plan is dynamic and is reviewed periodically to ensure we retain the full capability to accomplish our missions and to support U.S. military forces and their families stationed in Panama and throughout Central and South America.

The transfer of U.S. military properties to the government of Panama is at a critical stage. In the past 15 years, we have turned over 500 buildings and 16,000 acres. In the next 5 years

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we will have to turn over 5,000 buildings and 77,000 acres of land. Both the Panamanian and U.S. governments are concerned that installations and facilities turned over will fall into disrepair because of the lack of Panamanian planning or resources.

Fort Espinar and Fort Davis on the Atlantic coast are scheduled for transfer in September of this year. This coincides with the drawdown of approximately 1,400 U.S. military and 700 U.S. and non-U.S. civilian employees on those installations. These facilities consist of 4,495 acres with over 700 family housing units, Cristobal High School and other Department of Defense Dependent Schools, and quality of life facilities. We are vacating now and have made these installations available for the Government of Panama to show to potential investors and planners. To our knowledge, there are no firm plans for re-use of these facilities.

Fort Amador on the Pacific coast will transfer to Panama in January 1996--some Fort Amador buildings have already

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transferred. The Government of Panama has delayed the transfer of Fort Amador twice because they lack a master plan for its use and economic development. We will continue working closely with the Government of Panama to make these and other transfers as smooth and successful as possible.

As you know, the Panama Canal Treaty Implementation Plan is tied to budgets that look out 5 years into the future. An important issue yet to be decided is whether the Panamanian and U.S. governments will exercise their treaty rights and negotiate a continued U.S. military presence in Panama after 1999. Such a continued presence would require an alteration of current budgets, the Panama Canal Treaty Implementation Plan, and U.S. forces drawdown plans.

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Mr. Spence: General McCaffrey, there has been public discussion of possibly negotiating a post-1999 U.S. military presence in Panama. What is the U.S. policy in this regard?

General McCaffrey: SOUTHCOM is currently executing U.S. policy by fulfilling our treaty obligations with the planned drawdown of U.S. military forces in accordance with the November 1994 Panama Canal Treaty Implementation Plan. This plan provides guidance for the orderly, phased withdrawal of all U.S. military forces from Panama by noon, 31 December 1999. However, according to the instruments of ratification of the Permanent Neutrality Treaty, nothing precludes the U.S. and Panama from re-negotiating a base rights agreement for a post-1999 U.S. military presence.

There is an ongoing review in the Washington interagency process to assess the United States' interests which might warrant re-negotiation of a post-1999 U.S. military presence in Panama. This review has not yet altered our existing drawdown plan which we are currently executing.

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Mr. Spence: General McCaffrey, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

- Are you adequately resourced to accomplish the needed training to meet the range of mission requirements associated with your AOR?

General McCaffrey: Yes. SOUTHCOM is adequately resourced to appropriately engage in developing cooperative security arrangements and confidence building measures among regional nations. We support Latin American armed forces as they develop appropriate force structures and doctrines and demonstrate support for human rights and subordination to civilian authority in accordance with their own nation's laws. We support the counterdrug efforts and programs of the U.S. lead agencies and committed allies. We clearly are an enormously busy combatant unified command.

Most of the resources needed to train for our missions are provided by SOUTHCOM's service component commands and to a great extent by the Reserve and National Guard establishments which provided almost 30,000 Reserve Component forces to the theater in 1994. These forces engage in operational missions, training activities, and exercises throughout the AOR.

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Exercises conducted by SOUTHCOM allow U.S. troops to practice their combat and occupational skills while assisting our Latin American allies. Operational exercises provide us with the means for encouraging regional security cooperation. Foreign military interaction and engineering exercises enhance the skills of our military personnel and demonstrate the model of volunteer citizen-soldiers in action. The funding for exercises within the Southern theater has been diminishing. We are making every effort to use available resources in the most effective manner possible, but further reductions in exercise funding could threaten the usefulness of this important means of influence.

SOUTHCOM is concerned about the significant reduction in funding for the International Military and Education (IMET) program. This program makes significant contributions to improving military management and strengthening civilian control over the military. Future Latin American military leaders observe our armed forces interacting with local communities and responding to civilian control and concerns. Because of IMET reduction fewer students have the opportunity to attend our schools.

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.....  
Mr. Spence: General McCaffrey, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

- How do you, as a CINC, measure the readiness of the forces that will be assigned to your command? Are you comfortable that you have an adequate method of assessing the forces that are provided? Would you please describe to the committee what this assessment method is?

General McCaffrey: The Chairman of the Joint Chiefs of Staff conducts monthly assessments of unit and joint readiness. Although the Atlantic Command shoulders the responsibility for providing ready contingency forces to combatant CINCs, unit readiness is a Service responsibility reported monthly using the Status of Resources and Training System (SORTS). SORTS is an automated system which contains information and status ratings for personnel, equipment, logistics and training. SORTS provides a comprehensive monthly review of unit readiness to perform assigned military missions. SOUTHCOM has access to SORTS data to determine the readiness posture of allocated forces to support contingency operations. SOUTHCOM is satisfied with the degree and level of unit readiness reporting.

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Mr. Spence: General McCaffrey, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

- Given, that as a general rule, you cannot properly recover missed training opportunities, what measures do you believe necessary to ensure that training resources are not unnecessarily diverted for support of unplanned contingencies?

General McCaffrey: Unplanned contingencies create a drain on the resources provided to the combatant CINCs. While annual training and exercises are carefully planned and the associated costs kept to a minimum, the costs of actual contingency operations cannot be predicted as closely. Important training events sometimes must be curtailed or canceled to accommodate and pay for unplanned contingencies.

Many of our training plans rely on the deployment of Reserve forces. Unplanned contingencies generally have a minimal impact on these deployments. As an example, an engineer exercise in El Salvador probably would not be affected by a contingency operation unless a large number of engineers were required to

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support that operation, and those deploying to El Salvador were mobilized for duty elsewhere.

Given the size and diversity of the Southern theater, when training opportunities are canceled due to contingency operations other training opportunities are usually generated. Indeed, it might be argued that contingencies are training. They provide excellent opportunities for service members to practice their military skills. Civil affairs and medical personnel have had excellent opportunities to practice their skills during recent SOUTHCOM contingencies.

Contingencies do not, however, take the place of planned training exercises. They also generally cost more than the carefully delineated expenditures normally associated with planned training events. Clearly, unplanned contingency costs should not be paid for by reducing exercises. In an increasingly technical environment, the orderly practice of vital military skills should not be postponed or cancelled.

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Mr. Spence: General McCaffrey, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

- How has the recent high level of contingency operations affected your ability to conduct training and joint exercises? Have you had to cancel or curtail any joint training exercises? If yes, what impact has it had on your ability to conduct joint missions?

General McCaffrey: Contingency operations worldwide and within the SOUTHCOM Area of Responsibility affect readiness in different ways. Since most of the training within the SOUTHCOM theater is conducted by relatively small units, the impact of worldwide contingency operations normally is limited. However, some counterdrug support operations have been seriously impaired by contingency operations.

An important effect of the Peru-Ecuador border conflict is a partial interruption in SOUTHCOM's counterdrug support operations. During this conflict, SOUTHCOM turned off our ground-based surveillance radars based in Peru and Ecuador to avoid any possibility of misuse or perception of misuse of information derived from those radars.

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SOUTHCOM also canceled two exercises because of the Peru-Ecuador conflict. In both cases we reprogrammed the allocated funds into other training events. The vast majority of the Reserve Component forces originally scheduled to deploy into the Southern Command theater were able to do so and to complete their required training.

As for the long-term impact of these missions on readiness, we believe it will not be significant. Many of the troops supporting Cuban migrant operations performed tasks directly related to their wartime missions. The medical, engineering, military police, logistics, psychological operations, civil affairs, and communications elements in support of Operation SAFE HAVEN received useful training benefits from their participation. However, unit collective training of the combat and combat support units was degraded. As a consequence, following Operation SAFE HAVEN some units and individuals will have to retrain to require their combat readiness edge. Although some scheduled training was missed because of SAFE HAVEN participation, we do not believe this will have any long-term negative impact on the units involved.

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Mr. Spence: General McCauffrey, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

- What has been the impact of contingency operations on the readiness of your forces in your AOR?

General McCaffrey: Contingency operations in the SOUTHCOM AOR have had little negative impact on readiness. Unfunded and unprogrammed contingencies have been fully reimbursed through the Fiscal Year 95 Emergency Contingency Supplemental legislation. Most contingency missions have had a carry-over training benefit that somewhat offset lost unit and individual training. The forces provided to SOUTHCOM to conduct contingency operations have arrived at a high state of readiness, well trained, and flexible enough to superbly perform their assigned missions.

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Mr. Spence: General McCaffrey, this year's budget debate is characterized by particular attention and priority to maintaining an adequate level of military readiness.

- Do you expect the high pace of operations to continue? If so, what do you see that needs to be done to ensure force readiness to meet your short-term and long-term requirements?

General McCaffrey: The high pace of contingency operations worldwide is likely to continue. Uncertainty is a characteristic that accompanies the process of forging a new post-Cold War order. Fortunately, in the Southern theater there is no regional aggressor seeking military hegemony, no specter of a regional arms race, nor the grave danger of the development and proliferation of weapons of mass destruction. Nevertheless, there are widespread social and economic inequalities which are exploited by insurgents, narcotraffickers, and heavily armed bands of criminals.

Our U.S. Services have done an outstanding job at providing well trained, equipped, and organized forces to support the combatant commands. SOUTHCOM will work through the Joint Staff

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to identify Joint Mission Essential Tasks for the Services and joint forces provider to train on to ensure assigned forces are appropriately trained.

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Mr. Spence: General McCaffrey, as you know, there has been discussion within Congress to restrict or restrain the use of International Military Education and Training (IMET) funds. In this testimony before the committee on 28 February, Admiral Macke, CINCPAC, stated that "one of our most effective, yet inexpensive cooperative engagement reassurance activities is the training of young military leaders from the PACOM AOR in the United States."

- How do you assess the value of IMET activities in your theater?

General McCaffrey: IMET and Expanded IMET (EIMET) programs are crucial to interaction with the civilian and military leadership of the SOUTHCOM AOR. These educational and training programs provide the most cost effective means by which the U.S. Armed Forces can engage military forces within the hemisphere and support professional development at all levels. The tenets of military subordination to democratic civil authority and the rule of law and respect for human rights are repeatedly stressed in all aspects of these programs.

A recent National Defense University study concluded that there is no comparable historical example of sovereign states

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entrusting the education and training of so many of their future  
national and military leaders to another country as is done  
through these programs. IMET and EIMET have contributed  
immeasurably to supporting regional cooperation, furthering  
development of hemispheric democracies, and ensuring continued  
engagement with our civilian and military counterparts. SOUTHCOM  
anticipates that these low-cost programs will provide extremely  
high payoff in the mid to long term as the junior leaders  
receiving training today are promoted within their nations'  
democratic civilian and military establishments.

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Mr. Spence: General McCaffrey, how useful have you found the authority and resources provided under the CJCS Initiative Fund (CIF) ?

General McCaffrey: The CJCS CINC Initiative Fund is absolutely essential. It provides the Chairman of the Joint Chiefs of Staff the ability to quickly support critical CINCs' requirements aimed at enhancing warfighting capabilities, readiness, and sustainment of forces assigned. The competitive nature of the program ensures that only the most worthwhile projects are approved.

In SOUTHCOM the program is very responsive and allows the component commanders to react to emergent requirements. We have used it extensively to enhance our engagement with foreign military and civilian leaders. It allows us the kind of high-impact personal access and interaction with the regional leaders that otherwise would not be possible. SOUTHCOM believes the CJCS CINC Initiative Fund is extremely useful and anticipates increased use of these funds.

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Mr. Spence: What kinds of activities were funded under this [CIF] program during FY 1994?

General McCaffrey: During Fiscal Year 94, SOUTHCOM and its component commands made full use of the CJCS CINC Initiative Fund program. Projects include:

1. Airlift for JCS exercise CABANAS 1994	-	\$552,000
2. Human rights training in Honduras	-	\$ 24,000
3. Regional counterdrug simulation roundtable	-	\$ 80,000
4. Uruguay-Argentina environmental planning	-	\$ 56,000
5. Special Forces unconventional warfare Deployment for Training	-	\$289,000
6. Bolivian Air Force Logistics School Assistance	-	<u>\$ 15,000</u>
Fiscal Year 1994 total:		\$1,016,000

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**Mr. Spence:** General McCaffrey, as the proponent for joint training of nearly all U.S. forces stationed in the Continental U.S., are you confident that the current professional military education system is producing high quality officers capable of operating in joint operations?

**General McCaffrey:** While SOUTHCOM is not the proponent for joint training of U.S. Forces in CONUS, we believe the current Professional Military Education (PME) system works well. The education provided by our service schools and the National Defense University System produces quality officers capable of successfully executing joint military operations. The education of our officers on joint matters is effective and continues to pay dividends with our increased use of joint forces.

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Mr. Spence: General McCaffrey, as a warfighting CINC, you are required to report periodically to the Chairman, JCS, and to the Secretary of Defense on a range of subjects that pertain to the readiness of joint forces to conduct operations in your AOR.

- Do you integrate the status of training and readiness of traditional allies and coalition members in your assessments? Why or why not?

General McCaffrey: The current guidance for the Joint Monthly Readiness Review does not incorporate an assessment of our traditional allies or potential coalition members.

SOUTHCOM does evaluate the capabilities, readiness and training status of the countries within the theater by using information and assessments provided by our Defense Attaches. This invaluable information is incorporated into our regional plans through both the deliberate and crisis planning processes.

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Mr. Jeffer What are the telecommunications requirements of the Southern Command? To what countries and locations does the Southern Command need connectivity? How much network capacity or bandwidth is needed? Will all communications be of a secure nature? What is the need for non-secure facilities?

General McCaffrey: SOUTHCOM's telecommunications requirements are for assured, uninterrupted, and secure voice, data, and video circuits. SOUTHCOM needs connectivity to all countries within the area of responsibility: Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, and Venezuela. Connectivity to Mexico also is required. The bandwidth requirement for the communications line is 1.544 megabytes per second between all forward locations and the SOUTHCOM headquarters. Secure communications capability is required for all circuits since nearly all of our communications are sensitive in nature. Nonsecure facilities are needed for meetings, conferences, and many other activities involving persons not cleared for access to secure areas and when situations merit an open-forum environment.

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Mr. Jefferson: What is the preferable telecommunications transport medium: Microwave? Fiber Optics? Satellite? If fiber optics is the preferred medium, is Asynchronous Transfer Mode (ATM) an acceptable transport technology?

General McCaffrey: The preferable telecommunications transport medium is situation dependent. Some systems are often configured over multiple transport media. SOUTHCOM uses all of these communications media depending on the mission requirements and the technology available at the selected site. When fiber optics is used, the asynchronous transfer mode is an acceptable transport technology.

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Mr. Jefferson: Has the Southern Command considered the LATelco/LeveeComm project, which already has plans to connect Louisiana by fiber optic cables with Guatemala, Panama, and other Central and South American countries?

General McCaffrey: SOUTHCOM is aware of the LATelco/LeveeComm project. However, under the current Unified Command Plan and existing support agreements, our communications requirements are forwarded to the Army Project Manager and Defense Information Systems Agency for resolution based on consideration of all available connectivity possibilities.

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**H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, RETIRED 4-STARS**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
*Washington, DC, Wednesday, March 22, 1995.*

The committee met, pursuant to call, at 9:30 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committees) presiding.

**OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. The meeting will please come to order.

We have some conflicts this morning. Members are in other meetings, especially the conference on the other side of the aisle. I suspect people will be coming in at different times.

This morning the committee is privileged to have before it three distinguished former military officials who, over the years, have taken the time and the effort to analyze the administration's defense program and offer their candid assessment.

The result of this effort is found in the report they jointly issued last month entitled "A Report on Military Capabilities and Readiness." Members have been provided a copy of this report and also they have one before them.

It is with pleasure that I welcome Gen. Al Gray, former Commandant of the Marine Corps, Adm. Carlisle Trost, former Chief of Naval Operations, and Gen. Robert RisCassi, former Commander in Chief, U.S. Forces Korea back to this committee. We all look forward to their testimony.

The committee is now entering its second month of hearings on the administration's defense budget plan. Thus far, we have attempted to focus on the assumptions underlying the requested budget to better understand whether it adequately meets present and future national security needs of this country.

Essential to this calculation is the administration's declared military objective of fielding a military force with the capability to fight and win two nearly simultaneous major regional conflicts or MRC's. However, the dramatic reduction in force, an essentially nonexistent modernization program and continuous raids on various readiness accounts to fund unbudgeted contingencies have called into direct question the ability of our forces to successfully prosecute even one MRC, much less two.

Contrary to prevailing wisdom, we still live in a very dangerous world. In many ways, challenges to our economic and political interests around the world have grown since the Berlin Wall came

down. Whether we like it or not, history has demonstrated that our forces will be called upon to fight and to win in future conflicts.

Therefore, it is our responsibility, the responsibility of this committee, to help ensure when that time comes that our forces remain the best equipped, best trained, and best supported, and best prepared they can be to fulfill their mission with the minimal loss of life.

Our witnesses this morning each bring a distinguished record of service to the Armed Forces and to our Nation. It was from this valued perspective that I look forward to their qualified assessment of the challenges and concerns confronting our military, after a decade of budget cutbacks.

Before proceeding, I would like to recognize my colleague, Mr. Dellums, the ranking minority member for any comments he would like to make.

**STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. I thank the Chair for yielding. I join with Chairman Spence in welcoming the testimony of our distinguished witnesses appearing before us this morning.

In the context of this committee, my colleagues and I continue to search for an appropriate funding profile for the U.S. military in this clearly changing world; a post-cold-war world with growing economic interdependencies abroad and a multiplicity of valid demands for scarce resources at home.

We seek to understand how our decisions would either contribute to or detract from enhancing democracy and creating stability in the world.

I remain concerned that in structuring our military forces and in taking steps to ensure that they are ready to meet perceived future challenges, we have not taken advantage of the unprecedented geopolitical and military changes that have indeed taken place in the world.

As such, we might be preparing for the wrong kind of military activities. I realize how slowly people are prepared to change. Some of us let go of the fundamental tenants of the cold war with great difficulty.

Given inevitable budget constraints, equally important will be your views on how to balance the tradeoffs between competing priorities that include efforts to improve the quality of life of our forces and their families; to ensure full funding for training; to modernize and maintain the equipment the force needs in order to discharge its various missions. Of course, all of these issues relate as well to the near-term and long-term readiness of our force.

I am familiar with and have read the report prepared by our distinguished witnesses. I find it fascinating, interesting, and extremely significant that there are some extraordinary differences in their report and their testimony—they are now retired military officers—when you compare their statements and their data with those persons who are presently on active duty, commanding our military forces around the world.

It is my hope that in the context of this hearing, that we will indeed zero in on those differences, why those differences, and what those differences represent. I think that is clearly the essence of these hearings, Mr. Chairman.

Are we operating on the same database? Are we operating on antiquated data? Why is it that these gentlemen have come to one set of conclusions and our active military forces have come to another set of conclusions? One would assume we are all wearing the same uniforms.

How then could we come to very radically different ideas when it seems to me that there is compelling evidence over the last several weeks, Mr. Chairman, as we have heard witnesses on the issue of readiness over and over and over again, all essentially saying the same thing.

With respect to this panel, there are some significant points of departure. It is those points of departure that I hope we will focus in upon.

I hope that in the context of their remarks that they will indeed share with us their wisdom and their judgment that lead them to some significantly different conclusions than those persons presently charged with the responsibility on active duty of commanding our military forces throughout the world.

With those brief remarks, and with rapid anticipation, Mr. Chairman, I would yield back the balance of my time.

The CHAIRMAN. I thank the gentleman. Why don't we proceed without objection. All of your statements will be submitted for the record, in lieu of your prepared statements. Why don't we start with General Gray and come back through Admiral Trost and General RisCassi.

Admiral TROST. Mr. Chairman, if I may depart from your order.

The CHAIRMAN. You are in order.

Admiral TROST. I was asked to summarize this report. I will kick it off, with your concurrence.

[The report follows:]

A  
REPORT  
ON  
**MILITARY CAPABILITIES AND  
READINESS**

FOR

**UNITED STATES SENATOR  
JOHN S. McCAIN**

**PREPARED BY:**

**General Charles A. Gabriel (USAF-Ret.)  
General Alfred M. Gray (USMC-Ret.)  
Admiral Carlisle A. H. Trost (USN-Ret.)  
General Robert W. RisCassi (USA-Ret.)**

**February 7, 1995**

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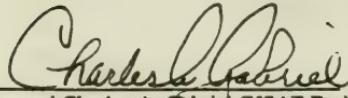
The Honorable John S. McCain  
United States Senate  
Washington, D.C. 20510

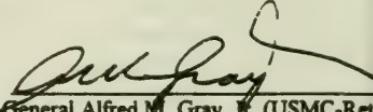
Dear Senator McCain:

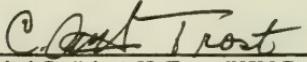
It is our pleasure to submit the attached report which you requested in March 1994. It contains our assessment of the adequacy of the Defense Department's 1993 Bottom-Up Review (BUR) force structure to meet the objectives of our current national strategy, our observations regarding current readiness and readiness trends, and our opinions on two deficiencies which could impair the success of a major military operation.

We hope this report will be useful to you and other members of Congress as you consider our nation's future defense requirements.

Very Respectfully,

  
General Charles A. Gabriel (USAF-Ret)

  
General Alfred M. Gray, Jr. (USMC-Ret)

  
Admiral Carlisle A.H. Trost (USN-Ret)

  
General Robert W. RisCassi (USA-Ret)

## ACKNOWLEDGMENTS

We wish to express our appreciation to all those who generously contributed their time and talents to the preparation of this report. All were volunteers, none were compensated.

We extend special thanks to Carl Smith, who coordinated the overall effort and served as the chief editor of the report, and to Michele McAllister, Carl's very capable assistant. We also thank the following members of our editorial board who assisted in drafting various sections of the report: Dr. Mark J. Albrecht, Raoul H. Alcala, Frank J. Gaffney, John Luddy, Thomas Moore, Joseph G. Pallone, Keith Payne, Dr. Kathleen J. Robertson, Skip Ringo, James F. Spagnole, Baker Spring, and Dr. Dov S. Zakheim.

Others who made valuable contributions include: RAdm. William Houley (USN-Ret), Francis M. Johnson, Adm. Jerome L. Johnson (USN-Ret), Kent A. Maxfield, Elton Parker, Charles Pearcy, Lt. Gen. Charles H. Pitman (USMC-Ret.), Gen. Robert D. Russ (USAF-Ret.), and Lt. Col. E. Phillip Russell (USMCR).

## EXECUTIVE SUMMARY

In March 1994, Senator John McCain requested that we undertake an independent assessment of U.S. military readiness and capabilities. Specifically, Senator McCain asked us to address the following:

1. The *adequacy of our military force structure* (in broad terms, i.e., divisions, carrier battle groups, air wings, amphibious groups, etc.) to execute our current defense strategy.
2. The *current readiness* of our forces, and our assessment of *readiness trends* based on the funding profile in the current FYDP.
3. Any areas in which *significant deficiencies* exist which could impair the success of a major military operation.

These are complex issues, each of which could be analyzed in exhaustive detail. For practical reasons we have chosen to avoid such a microscopic approach and instead have focused on what we regard as the larger trends. We address these issues (force structure, readiness, and significant deficiencies) in the order they were put to us, but in so doing, do not wish to imply that they are ranked in order of importance. In fact, we would place a higher priority on modernization (mid-term readiness) and on overcoming the deficiencies in strategic lift and ballistic missile defenses before expanding force structure. Our assessments are summarized below.

### A. Adequacy of the BUR-Proposed Force Structure

The force levels proposed by the Defense Department's Bottom-Up Review (BUR) are *insufficient* to meet the BUR objective of fighting and winning two "nearly simultaneous" major regional conflicts (MRCs). The BUR appears to overlook numerous fact-of-life considerations which would prevent the full and rapid deployment of the BUR-proposed forces. These include:

- the need to provide a rotation base for forces currently forward stationed or temporarily deployed for peacetime operations or major combat contingencies;
- the fact that some forward stationed or temporarily deployed forces are essentially not available to dispatch to a new crisis;
- the fact that current force levels are being strained just to meet the frequent and demanding requirements of peacetime operations; and,
- the unpredictability of early access to and the time required to train and mobilize the reserve components.

Further, the BUR force was presented as a "moderate risk" force to be enhanced by adequate strategic lift, force modernization, full funding for readiness, and sustained investment in

quality of life programs. However, while force level reductions are being made, the promised enhancements in readiness and modernization have *not* materialized. When these and other limiting factors are taken into consideration, it becomes readily apparent that the force levels proposed by the BUR are insufficient to meet the two-MRC objective. We address the force structure of each service briefly as follows:

## 1. ARMY

The BUR proposed a force level for the Army of 10 active divisions supported by 15 enhanced readiness brigades and 22 additional brigades under the administrative control of five reserve divisions. The BUR projects that all 10 active divisions will be required to fight and win two MRCs at a moderate level of risk. However, given the fact that the division based in Korea cannot be redeployed, and only one of the two U.S. divisions based in Europe could be redeployed out of theater, only eight divisions remain for other deployments. If all are deployed to two MRCs, none remain to train and mobilize the reserve components (it takes at least one year to prepare a National Guard division for combat), or to serve as a strategic reserve, and only limited ability remains to reconstitute the force, if necessary.

### Recommendation

We recommend a force level of 12 active divisions for the Army supported by 15 enhanced readiness brigades from the National Guard.

## 2. NAVY

The BUR recommended a force structure for the Navy of 11 deployable aircraft carriers with one dedicated training/reserve carrier. While such a force could meet the BUR requirement for carrier operations in two MRCs (11 carrier battle groups), it would be strained just to meet the current peacetime presence missions imposed by the National Command Authority. Additional operational requirements, such as the invasion of Haiti and doubling the carrier presence off the Korean peninsula, would further strain the capabilities of such a limited force resulting in increased gapping of presence missions, abandoning PERSTEMPO guidelines, and delaying essential overhauls. Such actions lead inevitably to degraded readiness and lower retention.

### Recommendation

We recommend a Navy force structure of 13 deployable carriers and one dedicated training/reserve carrier.

### **3. AIR FORCE**

The BUR proposed a force structure for the Air Force of 20 fighter wings (13 active and 7 reserve wings). Such a force would be incapable of providing 10 fighter wing equivalents (FWEs)--as the BUR proposes--to each of two MRCs. In projecting the deployment of all 20 fighter wings to the MRC theaters, the BUR overlooked numerous realities that make such assumptions implausible. These include equipment readiness rates, crew training requirements, multiple aircraft tasking, and the improbability that all currently deployed units could be readily redeployed. Further, the smaller force structure is already imposing excessive demands on fighter as well as support units (e.g., AWACS, F-15E) just to perform current "operations other than war" (OOTW).

The BUR also recommended a heavy bomber force of "up to 184" aircraft. We agree that level is sufficient to meet the requirements of two MRCs as well as our foreseeable strategic nuclear requirements.

#### **Recommendation**

We recommend a force structure for the Air Force of 25 fighter wings (16 active and 9 Guard/Reserve). Such a force would be capable of providing between 8-10 FWEs to each of two MRCs. Consistent with the BUR, we recommend a bomber force of 184 aircraft.

### **4. MARINE CORPS**

The BUR proposed a force structure for the Marine Corps of three active divisions and airwings supported by one reserve division and airwing with an end-strength of 174,000 active and 42,000 reserve Marines. Unlike the Army, Navy, and Air Force, the Marine Corps was never sized to confront the Soviet Union. Its missions in the post-Cold War environment have increased, placing greater demands on a smaller force. The reductions in end-strength from the FY 1990 levels have cost the Marine Corps 25% of its artillery battalions, 25% of its tactical aviation squadrons, and 20% of its tanks.<sup>1</sup> Additionally, the current peacetime OPTEMPO is forcing deployed units routinely to exceed PERSTEMPO guidelines.

#### **Recommendation**

We recommend a Marine Corps force structure of three active divisions and airwings with an active end-strength of 194,000, supported by one reserve division and airwing with an end-strength of 42,000.

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<sup>1</sup> General Carl E. Mundy, Commandant, United States Marine Corps, letter to Senator John S. McCain, December 21, 1994.

## 5. NUCLEAR FORCE STRUCTURE

We are in general agreement with the recommendations of the Nuclear Posture Review. We believe, however, that the failure of that review to address ballistic missile defenses and the need for an assured source of tritium are deficiencies to which the Congress should pay particular attention.

## B. Current Readiness and Readiness Trends

Current force readiness levels are, of course, classified. Our assessment was therefore based entirely on non-classified information available in the public domain. We have divided our analysis into three periods: near, mid, and long-term readiness.

### 1. NEAR-TERM READINESS

Overall, the services have done an effective job implementing the administration's guidance to maintain *current* readiness as their highest priority. While this is generally true for the deployed forces, the same cannot be said for non-deployed units. Over the past two years, the incremental costs of unprogrammed operational requirements and the readiness of the deployed forces have been paid for by diverting resources from non-deployed units, canceling scheduled training, deferring real property maintenance, increasing equipment maintenance backlogs, and most troubling, by stripping the investment accounts (Procurement and R&D). The defense budget has become "front-end loaded" to support current operations at the expense of future capabilities and readiness. We address several of these issues in Section V, Near-term Readiness, including:

- the diversion of O&M funds to pay for *non-readiness* enhancing activities;
- the diversion of O&M funds from *scheduled* training and maintenance activities to pay for *unbudgeted* contingencies;
- the declining quality of life for our service men and women and their families;
- most personnel readiness indicators have turned negative;
- the increased level of commitments is causing each of the services to exceed PERSTEMPO guidelines;
- the quantity and quality of our ammunition supply have declined since the Gulf War;
- strategic lift is insufficient to meet the two-MRC objective; and,
- our capability to defend against ballistic missiles is inadequate.

### 2. MID-TERM READINESS

For mid-term readiness, we note that with very few exceptions, modernization across the force has come almost to a standstill. We currently have the lowest levels of procurement spending (in inflation-adjusted dollars) and procurement rates since the end of World War II. As

a result, the equipment of each of the services is aging rapidly, adding to the maintenance burden and increasing the eventual "bow wave" of procurement necessary to modernize the forces.

Other potentially hostile nations continue to expand their military capabilities. Unless we begin procurement activity again soon, our legacy to the next generation will be 45-year-old training aircraft, 35-year-old bombers and airlifters, 25-year-old fighters, 35-year-old trucks, and 40-year-old assault helicopters.

### 3. LONG-TERM READINESS

The long-term readiness of our forces is being jeopardized by the combination of insufficient procurement coupled with declining R&D budgets. If allowed to continue, this combination will eventually deny the forces the ability to maintain their technological superiority and will ultimately undermine the industrial base upon which the services depend.

## C. Significant Deficiencies That Could Impair a Major Military Operation

We identify two issues in this category: inadequate strategic lift and inadequate ballistic missile defenses. Both are addressed in greater detail in Section V, Near-term Readiness.

### 1. STRATEGIC LIFT

In both strategic airlift and sealift, our current capacity is significantly below that required to execute the BUR's two-MRC strategy. In fact, our current capacity is such that we might be hard pressed to meet the timelines of a *single* MRC deployment. We further note that while the importance of strategic lift is increasing as a result of reductions in forward-basing, the proposed efforts to overcome existing deficiencies fall well short of what is required.

### 2. BALLISTIC MISSILE DEFENSES

Our current ability to defend deployed forces against ballistic missile attack is limited; our ability to defend the continental United States against attack by even a *single* missile is *nonexistent*. Chemical, biological, and nuclear weapons of mass destruction (WMD) are becoming increasingly available worldwide, as are the means to deliver them. The CIA estimates that more than 25 countries have, or are developing, such weapons.

It is essential that the United States develop a more robust capability to defend our deployed forces against such weapons, and it is equally imperative that we develop the ability to defeat a limited strike against the continental U.S. It is only a matter of time before such weapons are in the hands of nations hostile to the U.S or our allies. The absence of an effective missile defense system can only serve as encouragement for those nations to seek that capability.

#### D. A Final Observation

In the late 1970s, our military went "hollow" because we underfunded the Personnel and O&M accounts while maintaining at least a modest pace of modernization. Personnel, training, maintenance, and spare parts budgets were all cut, resulting in *near-term* readiness shortfalls. Ships could not sail because they lacked key personnel; aircraft could not fly for want of spare parts; the Army was forced to accept unpreceded numbers of lower quality "Category IV" recruits. With proper funding beginning in the early 1980s, most of those near-term deficiencies were overcome in a matter of three to five years, albeit at considerable extra expense.

Today we are setting the stage for a new type of hollow military. While avoiding a repetition of the mistakes of the 1970s, we are making new ones. We are protecting *near-term* readiness at the expense of *future* readiness. To maintain near-term readiness and conduct current operations, we are spending the investment funds that should be devoted to equipping the *next* generation. Unlike the hollowness of the 1970s that was correctable in a matter of a few years, the hollowness being created today may require a decade or more to overcome. We are following a path long on consumption, short on investment. The failure to modernize and to maintain an adequate level of R&D spending will eventually undermine the capability of the forces, eroding readiness and leading to perhaps irreparable loss of the industrial base.

In our opinion, the current defense budget is badly out of balance.

## I. INTRODUCTION

### Purpose of the Report

This report was prepared in response to a request made by Senator John McCain in March 1994<sup>1</sup>. The purpose of the report is to provide an independent assessment of the readiness of our nation's armed forces and their ability to support the current national military strategy. Senator McCain's stated reasons for requesting this assessment were:

--Our nation's experience in reducing our defense posture following a major conflict suggests that we always go too far, leaving the military unprepared to fight the next war.

--Fiscal Year 1995 marks the tenth consecutive year of declining defense budgets--the longest continuous decline in post-World War II history--and current budget projections call for four *additional* years of defense spending reductions.

--Despite the demise of the Soviet Union, there remain serious potential threats to our national security and to our global interests.

--The nature of modern warfare is not likely to permit the lengthy periods for military and industrial mobilization that were allowed in most of the major conflicts of this century.

--In recent years, the debate over defense spending has been somewhat politicized; therefore, it would be useful to receive an independent assessment of military capabilities and readiness--one uninfluenced by political considerations.

### Scope of the Report

As requested, we have evaluated the ability of the force to meet the two-MRC objective, and the overall readiness of the force based on a broad range of considerations.

In examining force structure requirements, we focused on the major force components used in the Defense Department's Bottom-Up Review (BUR): Army divisions, Air Force tactical fighter wings, Air Force heavy bombers, Navy carrier battle groups, and Marine Corps divisions/airwings and end-strength. We did not attempt to analyze force composition within those major categories--those decisions are properly left to current commanders.

In examining readiness, we have taken a broad view that looks beyond the traditional "C ratings". As all the services recognize, the standard approach to measuring readiness, known as

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<sup>1</sup>Copies of correspondence from Senator McCain are provided at Appendix A.

the Status of Resources and Training System (SORTS), is useful but limited. At best, it provides a *current* snapshot of readiness for individual units, but has no ability to predict *future* readiness and, under some circumstances, can be quite misleading. For example, a unit transitioning to new equipment may be reported as C-3 or C-4 (least ready) even though it is just weeks away from realizing a dramatic improvement in warfighting capability. Conversely, a unit that is currently C-1 or C-2 (most ready) may be just weeks away from slipping to C-3/C-4 because of key personnel shortages or deteriorating matériel condition.

It is far more useful to examine the trends along the full range of factors that underpin readiness such as personnel accessions, retention, training, operational tempo (OPTEMPO), personnel tempo (PERSTEMPO), matériel condition, weapons inventories, modernization rates, and the pipeline for future procurement which begins with R&D expenditures. From this perspective one may derive a more meaningful view of both current and future readiness.

### Assumptions and Limitations

We agreed on the following assumptions and limitations to define the scope of this report:

1. The opinions expressed in this report are those of the four retired officers to whom Senator McCain made his request.
2. We relied on the budget projections in the 1995-2000 Future Years Defense Plan (FYDP) and the FY 1996 defense budget request to assess the adequacy of the funding of the BUR force and its associated enablers.
3. We accepted the Bottom-Up-Review (BUR) requirement to address "two nearly simultaneous major regional conflicts (MRCs) anywhere in the world." Given the potential for conflict on the Korean Peninsula and in the Persian Gulf region, it is our opinion that configuring U.S. forces for any lesser threat scenario would be irresponsible.
4. We have attempted to assess the significant factors that underpin readiness, but we make no claim that our analysis is all-inclusive. A critical review would undoubtedly identify some factors not addressed herein. We tried instead to keep sight of just those factors which have the greatest impact on readiness.
5. The information herein was obtained entirely from unclassified sources. Wherever possible we relied on data from authoritative sources such as the Department of Defense, General Accounting Office, or the Congressional Budget Office to support our analysis.
6. This review focuses exclusively on military capabilities and readiness. Policy issues, such as whether U.S. troops should be committed to Bosnia or the Golan Heights, or what military options might be available in North Korea, are not addressed.

7. We did not attempt to analyze the overall defense budget or provide funding alternatives for different force structure options. Such an analysis is beyond the scope of this project.
8. We did not attempt to redefine service roles and missions.
9. Although there were minor differences over force structure proposals (each of the former chiefs was given broad latitude to determine the requirements of his service) we concluded the project in general agreement over our recommendations.

### Organization

Our report begins with an Historical Overview of the trends in U.S. defense spending, including the "hollow force" experience of the late 1970's, the recovery during the 1980's, and America's historic lack of preparedness at the outbreak of major conflicts.

The next section, Current Environment, examines some of the evolving realities which influence the configuration and training of our forces such as the need for greater reliance on deployability as we reduce our forward presence, the increasing use of military forces in nontraditional roles (peacekeeping, humanitarian aid, drug interdiction, etc.), and the public expectation that military conflicts be brief and involve few casualties.

The following section, Force Structure, addresses the question of whether we have sufficient force structure to respond to two "nearly simultaneous" major regional conflicts.

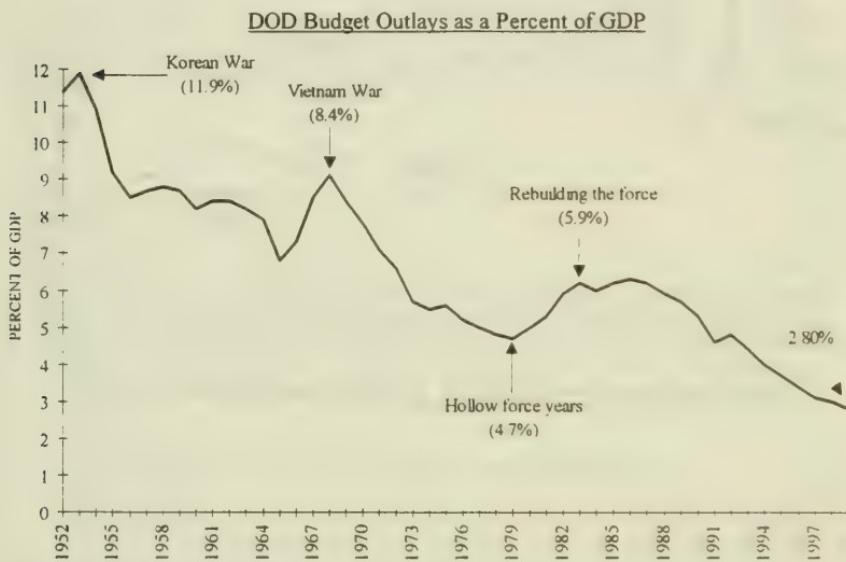
The next three sections address readiness. Near-term Readiness examines personnel issues, O&M spending levels, training, maintenance backlogs, munitions inventories, strategic lift, ballistic missile defense, and other factors. Mid-term Readiness focuses on modernization. Long-term Readiness briefly examines R&D issues and the industrial base.

## II. HISTORICAL OVERVIEW

In this section we attempt to place defense spending in historical perspective. For this purpose we have chosen statistics that are readily available, generally uncontested, and to the best of our ability, straightforwardly presented. Also included is a brief review of the frequency of contingencies involving U.S. forces since World War II, the "hollow" force experience of the 1970s, the rebuilding during the 1980s, and America's history of unpreparedness preceding major conflicts.

### Defense Spending as a Share of Gross Domestic Product

As a share of the U.S. Gross Domestic Product (GDP), defense spending has been in general decline since the end of the Korean War. Defense spending peaked at 11.9% in 1953, is at 4% in 1994, and is projected to decline further to 2.8% in 1999.



Source: "National Defense Budget Estimates for FY 1995". Department of Defense

At 2.8% in FY 1999, defense will reach its lowest level as a share of GDP since the days of isolationism--and unpreparedness--that preceded World War II (1.7% in 1940).

### Defense Spending as a Share of the Federal Budget

As a share of the federal budget, defense spending has declined even more precipitously. With a World War II high of 82.5% and a Korean War peak of 57.2%, defense spending accounted for more than 40% of the federal budget through the 1960s. At its lowest points during the 1970s, defense receded to 22.5% of the budget (1978 and 1980). In 1994, defense spending accounted for 18% of the federal budget and is projected to decline to 12.8% by the year 2000.

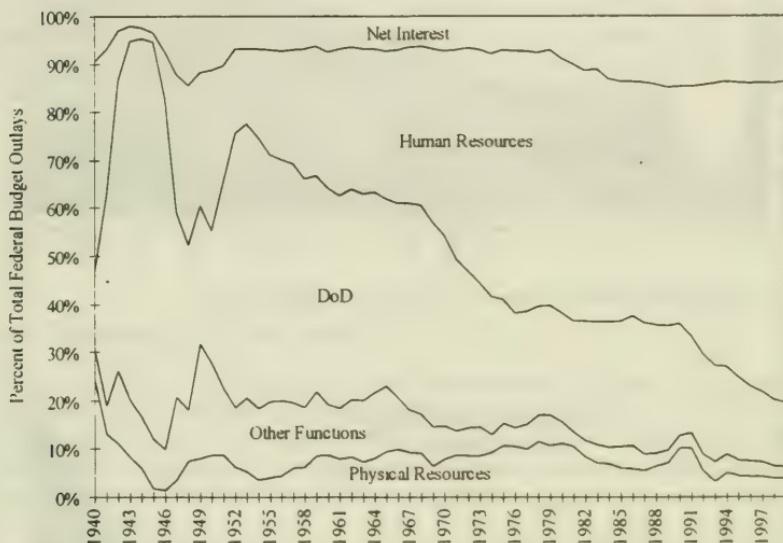


Sources: "Budget of the United States Government for FY 1995", Office of Management and Budget; Preliminary baseline figures. Congressional Budget Office, January 1995

### The Federal Budget by Superfunction

If defense spending is declining as a share of the federal budget while the budget continues to increase, where is the growth occurring? The following graph illustrates the two growth areas of the federal budget--human resource programs (Medicare, Medicaid, Social Security, Education, etc.,) and net interest on the debt. While defense spending has declined steadily as a share of the federal budget, spending on human resource programs or "social" programs has grown substantially since the early 1950s. In 1970, defense spending and human resources spending were approximately equal. Since that time, defense spending has actually *declined* 21.8% in real terms while human resource spending increased 177%. The following graph reveals the percentage of the federal budget devoted to each of the superfunctions:

Federal Budget by Superfunction

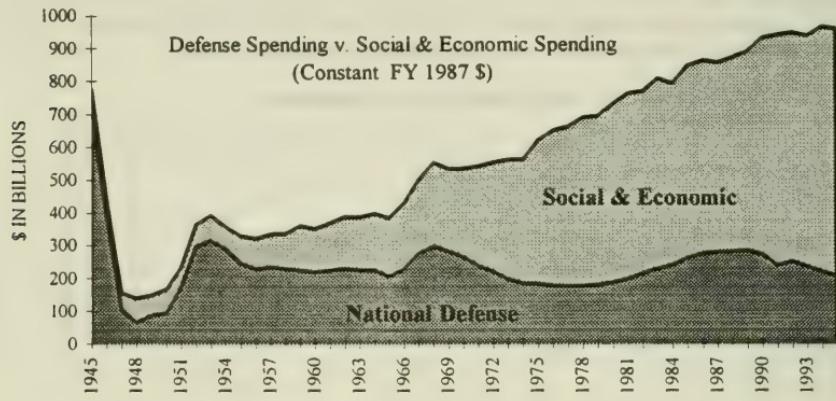


Source: "Budget of the United States Government for FY 1995", Office of Management and Budget

In FY 1995, human resources spending accounts for 61.3% of the federal budget, while defense accounts for 17%. By FY 1999, human resources programs will consume 66.8%, while defense spending will drop to 13.7%.

### Defense Spending Compared with Social Spending

It is often alleged that the rebuilding of our defense posture in the 1980s was the principal cause of the increase in the national debt. That is fundamentally untrue. The following two graphs reveal the history of defense and social spending from 1945-1995, and the concurrent growth in the national debt. Note that the majority of the debt was accumulated between 1970-1994, a period in which the growth in social spending more than doubled while defense spending remained comparatively flat.



Source: "Budget of the United States Government for FY 1995", Office of Management and Budget



Source: "Budget of the United States Government for FY 1995", Office of Management and Budget

### Conflict and Contingencies in the Post-Cold War Environment

The collapse of the Soviet Union justified a fundamental review of U.S. defense requirements and a restructuring of our forces to adjust to new geopolitical realities. These issues are addressed in greater detail in the Force Structure section of this report. Here we wish only to point out that in spite of the demise of the Soviet Union, regional and ethnic conflict continues to be the norm in the 20th century, and appears to be increasing in frequency as the century comes to a close.

Between 1946 and 1991--the Cold War era--U.S. military forces responded to crises on no fewer than 285 occasions, the great majority of which had little or nothing to do with the Soviet Union. In the *post*-Cold War environment, regional and ethnic conflicts continue to erupt, several of which could lead to direct involvement of U.S. forces. In 1994 alone, the invasion of Haiti with 20,000 troops, the deployment of 26,000 troops to defend Kuwait, the operation of two "no-fly" zones in Iraq and another in Bosnia, a commitment to deploy 25,000 troops to support a peace agreement in the Balkans, and the stand-off in Korea, are sharp reminders that even without a coherent Soviet threat, the world remains a troubled place.

It is ironic but true that the demands placed on the military *following* the break-up of the Soviet Union--including the 1991 Persian Gulf War, 100,000 troops stationed in Europe, 35,000 troops in Korea, the peacekeeping/humanitarian operations in Iraq, Kuwait, Haiti, the former Yugoslavia, Macedonia, Rwanda, and the Middle East--are *greater* than they were during most of the Cold War.

### The Hollowing of the Military in the 1970s

During the 1970s, the steady decline in defense budgets following the Vietnam War led to the underfunding of MILPERS, O&M, and certain Procurement accounts. Pay raises compensated for less than half the rate of inflation, training budgets were sharply reduced, modernization programs were stretched out, spare parts purchases were slashed, and munitions procurements (particularly of "smart" munitions) deferred.

The result was a force that was dispirited, poorly trained, and inadequately equipped. Retention declined precipitously as morale and discipline plummeted. The aging, Vietnam-era equipment was growing increasingly difficult and costly to maintain. Spare parts shortages forced greater reliance on cannibalization and drove up the inventory of maintenance backlogs. By 1980, fewer than 40% of all divisions, aviation squadrons, and ships were rated by their commanders as fully or substantially combat ready (C-1/C-2)<sup>1</sup>.

National attention became focused on the deteriorating condition of the military following the disaster at Desert One in 1980.

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<sup>1</sup>Deborah Clay-Mendez, Richard L. Fernandez, Amy Belasco, *Trends in Selected Indicators of Military Readiness, 1980 Through 1993* (Congressional Budget Office, Washington, D.C., 1994) pp. 2-3.

### Recovery in the 1980s

The Soviet invasion of Afghanistan, the tragedy at Desert One, and broad public awareness of the deterioration of our military helped spur a turnaround in defense spending beginning in FY 1980. Defense spending increased for six consecutive years, leading to rapid and steady improvement in recruiting, retention, training, and readiness. Increases in military pay and benefits, including quality of life improvements such as dependent education, child care, family member employment support, medical and dental care, and family housing led to significant improvement in the quality of recruits and retention. In just two years, from FY 1980 to FY 1982, the percentage of high school graduates among new recruits rose from 68% to 86%, and the reenlistment rate rose from 55% to 70%.<sup>2</sup> By FY 1985, fully 93% of all new recruits were high school graduates and overall retention reached 84%.<sup>3</sup>

Similarly, readiness rates rose rapidly as O&M accounts were filled out. Flight hours for Air Force fighter pilots increased from 13 hours/month in 1978 to 20 hours/month by FY 1984.<sup>4</sup> The material readiness rate of the Navy's surface fleet rose from near 50% in FY 1980 to over 75% in FY 1988. The backlog of ship overhauls dropped from 16 ships in FY 1980 to zero in FY 1986.<sup>5</sup> The opening of the National Training Center at Fort Irwin in 1982 led to realistic large-scale training for an increasing number of Army battalions, from 16 in FY 1982 to 28 by FY 1985.<sup>6</sup> Emphasis on progressive leader development, realistic training, adequate size and design of forces, and equipment modernization helped restore the Army's combat readiness.

Procurement accounts were dramatically increased, accelerating the introduction of the post-Vietnam generation weapon systems. These systems, including the F-15, F-16 and F/A-18 fighters, AH-64 attack helicopters, M-1 Main Battle Tanks, Bradley Fighting Vehicles, the Joint Surveillance and Target Attack Radar System (JSTARS), and the Patriot air defense system, transformed the services into the most technologically advanced military in the world.

The return on this renewed and balanced investment in America's military came in 1991 when U.S.-led forces achieved a stunning 100-hour ground war victory following a naval blockade and a 39-day air campaign against Iraqi forces in Operation Desert Storm.

### America's Historic Lack of Military Preparedness

Historically, the hallmark of the American military on the eve of major wars has been widespread unpreparedness. This has been the inevitable result of the unpopular nature of large defense budgets in peacetime combined with society's preference for addressing social ills rather than supporting large military establishments, and optimism that the future will be a more peaceful

<sup>2</sup>Secretary of Defense Caspar W. Weinberger, *Annual Report To the Congress, FY 1984* (GPO, Washington, D.C., 1983) p. 43

<sup>3</sup>Secretary of Defense Caspar W. Weinberger, *Report of the Secretary of Defense to the Congress, Fiscal Year 1987*, (Washington, D.C., GPO, 1986) p. 38.

<sup>4</sup>Weinberger, *Annual Report FY 1984*, pp. 43-44.

<sup>5</sup>Secretary of Defense Frank C. Carlucci, *Annual Report to the Congress, Fiscal Year 1990*, (Washington, D.C., GPO, 1989) p. 143

<sup>6</sup>Weinberger, *Annual Report, FY 1988*, p. 113

place to inhabit than was the past. Fortunately, most of the conflicts of the nineteenth and twentieth centuries allowed the U.S. time to raise and equip an army, and even to build a navy, before too much harm was done.

Of the five major wars involving U.S. forces in the twentieth century, the Persian Gulf War was unique--it was the only war for which our forces were truly prepared. And we were ready for that war only because we had prepared for another conflict with a more formidable adversary, the Soviet Union. It is worth recalling that the forces available to fight the Gulf War were essentially our Cold War force levels; the drawdown following the collapse of the Soviet Union had barely begun when our troops deployed to the Persian Gulf. When those forces deployed, they were well trained and properly equipped.

In virtually every other major conflict of the past two centuries, U.S. forces were unprepared for large scale combat. General Shalikashvili acknowledged this historical truth in a recent article:

*In every one of our first battles, from the Revolution through Vietnam, American forces came to their first fight unprepared.*

General Shalikashvili, *Armed Forces Journal* (October 1994) p.71.

In the years immediately preceding World War I, World War II, and the Korean War, defense budgets were tightly constrained, denying the services the ability to train adequately and modernize the forces. As a consequence, we entered each of those conflicts woefully unprepared.

The Korean War experience is particularly relevant because of the similarities between 1950 and 1994. The Korean War began in June 1950 just five years after a major victory (World War II) in a global conflict. In those five years the U.S. military was dramatically downsized and, to a large extent, "civilianized".<sup>7</sup> Similarly, it has now been five years since the Berlin Wall fell, signaling the break-up of the Soviet Union and the end of the Cold War. In those intervening five years the U.S. military has been reduced in size by about one-third and has been tasked with numerous missions more civilian than military (operations other than war--OOTW), including humanitarian aid (Somalia/Rwanda), peacekeeping (Northern Iraq/Balkans/Haiti), refugee management (Haiti/Cuba), drug interdiction, disaster relief (Hurricane Andrew/California earthquake), and even fighting forest fires. Following World War II, our forces in Japan were occupation forces performing "constabulary" duties (i.e., peacekeeping, humanitarian, etc.) Training for their primary mission--combat--was neglected while they performed essentially civilian functions. When conflict erupted in Korea, those forces were utterly unprepared for combat.<sup>8</sup>

<sup>7</sup>T. R. Fehrenbach, *This Kind of War*, (The MacMillan Company, N.Y., 1963)

<sup>8</sup>The first Army troops to deploy to Korea--Task Force Smith--arrived from Japan in early July 1950 with an artillery battery that had just six rounds of anti-tank ammunition--one-third of all that was available in Japan--and was immediately routed by a North Korean column equipped with Soviet-built T-34 tanks. American forces, ill-equipped, poorly trained, and physically unprepared for the rigors of combat, were forced to retreat along with their ROK counterparts into a small corner of the peninsula behind the Nakdong River, having ceded more than 80% of South Korea to the North Korean People's Army (NKPA). Source: *Ibid.*

The swift victory in Desert Storm broke the succession of American disasters in opening battles. It is our hope that with the benefit of this one clear success, in contrast with numerous failures, we will commit to learning from that success rather than continuing along a well worn path to disaster.

### III. CURRENT ENVIRONMENT

Here we briefly take note of certain post-Cold War events and circumstances that should influence current defense planning. These observations are not offered as original thoughts, but rather because they are relevant to the defense debate and bear on subsequent sections of this report.

#### The New Threat Environment

As noted earlier, the break-up of the Soviet Union dramatically reduced the preeminent threat to America's global security interests. However, as events of the last four years have revealed, the reduction in the Soviet menace was quickly offset by the emergence of other threats around the world. Hostilities based on religious, ethnic, and tribal strife that simmered during the Cold War have since erupted into full scale conflicts. The Balkans, much of Africa, the Middle East, the Persian Gulf, several of the former Soviet republics, Haiti, and the Korean peninsula have, since the end of the Cold War, all experienced open warfare, violent terrorism, or large scale armed confrontation.

International terrorism, militant Islamic fundamentalism, and nuclear proliferation continue to pose serious potential threats to our global interests for which we must remain prepared to respond militarily, if necessary.

Of particular concern is the proliferation of ballistic missile technology and the growing number of countries possessing weapons of mass destruction. The intelligence community estimates that by the turn of the century, 20 nations will possess nuclear, chemical, or biological weapons. Access to ballistic missiles capable of delivering those weapons--such as the Russian SCUD and the North Korean NoDong--is practically unconstrained. It is now unlikely that U.S. forces will confront a major adversary any time in the near future that is NOT equipped with such missiles. Yet today, our ability to defend against those weapons remains limited to the modified Patriot air defense system which is of little use against the more advanced ballistic missiles.

#### The Bottom-Up Review

In response to the changing threat environment, the current administration conducted the 1993 Bottom-Up Review (BUR) as a blueprint for future defense budgets. Underpinning the BUR was the assumption that the U.S. should retain the force structure necessary to fight and win two "nearly simultaneous" major regional conflicts (MRCs). Consideration was briefly given to a more modest "win-hold-win" strategy (rather than "win-win") but was properly rejected upon closer analysis.

Currently, North Korea and the Persian Gulf represent one of the more credible and demanding two-MRC scenarios. It is true those countries may not always pose the same potential threat they do today, however, so long as they do, planning for less would be irresponsible. In fact, planning for less might even encourage a pact of aggression or the emergence of a peer competitor to which the U.S. would be unprepared to respond with conventional forces.

It should also be noted that the BUR was in fact a "top down" analysis based on predetermined budget restrictions rather than a bottom-up review based on real and potential threats. As such, it is not unique—most defense budgets have been constructed from the top down. What is of concern, however, is that the force structure called for in the BUR cannot be supported by the currently projected defense budgets. The shortfall lies somewhere between \$49 billion acknowledged by the administration<sup>1</sup> and \$150 billion estimated by the General Accounting Office (GAO). If not corrected, that shortfall will inevitably require major additional force structure reductions or even lower spending on readiness.

Finally, it is our opinion that even if properly funded, the force structure identified by the BUR is inadequate to meet the two-MRC objective. We address this issue in greater detail in Section IV, Force Structure.

#### Increasing Use of Military for Operations Other Than War

In just the last few years, U.S. military forces have been deployed in "operations other than war" (OOTW) more frequently and in larger numbers than ever before. These activities include peacekeeping, humanitarian aid, drug interdiction, disaster relief, and other essentially civilian functions.

Such operations become a concern when they impair the military's ability to conduct its primary mission—warfighting. When Operations and Maintenance (O&M) funds are diverted from training to support such activities, or when OOTW deployments displace scheduled combat training, the combat readiness of the affected units is compromised. This problem is exacerbated by the fact that the smaller BUR forces are being tasked to perform a greater level of OOTW than did the larger Cold War forces. This issue is addressed in Section V, Near-term Readiness.

#### New Expectations Following the Persian Gulf War

The swift victory of the U.S.-led coalition in the Persian Gulf War has, we believe, established new expectations in the minds of the American public for any future U.S. combat involvement. With that experience in mind, the American public is not likely to support a protracted ground war involving U.S. forces on foreign soil. For the foreseeable future, Americans will expect the following of U.S. forces committed to combat:

- Win quickly
- Win decisively
- Apply overwhelming force
- Minimize casualties
- Limit collateral damage
- No long-term overseas presence

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<sup>1</sup> Department of Defense News Release, December 9, 1994; shortfall applies to FYDP Fy 1996-2001.

In addition to these criteria, we reaffirm the validity of the requirements delineated in 1984 by Secretary of Defense Weinberger to justify the commitment of U.S. forces to overseas combat. According to the "Weinberger Doctrine" we should commit such forces only if:

- A vital national interest, or that of one of our allies, is at stake.
- We have a clear intention of winning.
- The military and political objectives are clearly defined along with the strategy to accomplish them.
- The relationship between our objectives and the forces we have committed—their size, composition, and disposition—are continually reassessed and adjusted, if necessary.
- The engagement has the support of the American people and the Congress.
- The commitment of U.S. forces to combat should be regarded as a last resort.

#### Decline in Forward Basing Increases Reliance on Strategic Lift

During the Cold War, the United States relied on a strategy combining forward *basing* of ground and air forces with the forward *presence* of maritime forces. Today, our strategy relies less on forward basing and increasingly on forward presence and rapidly deployable forces. This is true now for Army and Air Force units as well as for the Navy and Marine Corps.

Without the benefit of large forward-based forces (as was the case in Western Europe) responding to a crisis may require the rapid deployment of CONUS-based units, thereby increasing the importance of strategic lift. In our opinion, the current U.S. lift capacity—both airlift and sealift—is inadequate to support the two-MRC objective. This issue is addressed in greater detail in Section V, Near-term Readiness.

#### Force Structure Reductions—FY 1988 Levels to BUR Levels

	End of Fiscal Year 1988	Bottom-Up Review	Percent Decline from 1988 to BUR
Army Division Equivalents—Active —Reserve	18 10	10 5+	-45% -45%(+)
Air Force Tactical Fighter Wings—Active —Reserve	25.5 12.4	13 7	-49% -44%
Bombers	324	up to 184	-43%
Navy Carriers—Deployable —Training/Reserve	14 1	11 1	-21% 0
Total Ships	566	346	-39%
Marine Corps Division/Airwings—Active —Reserve	3/3 1/1	3/3 1/1	0 0
End-Strength —Active —Reserve	197,000 44,000	174,000 42,000	-12% -5%

## IV. FORCE STRUCTURE

### Introduction

In this chapter we review the basic force structure proposed in the BUR for each of the services. For these purposes we accepted the major force elements identified in the BUR: Army divisions; Navy aircraft carriers; Air Force fighter wings and heavy bombers; and Marine Corps divisions/air wings and end-strength. We also briefly address nuclear forces including: intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs), heavy bombers (nuclear-armed), and tactical nuclear weapons.

Obviously, there is vastly more to consider in any discussion of force structure than just the major force components identified above. Each of these elements (combat divisions, fighter wings, carriers) requires the support of other forces. Combat support brigades, aerial refueling aircraft, surface vessels (other than carriers), etc., are all essential to a successful, large-scale military operation. The force must be balanced. However, for the purpose of answering the question whether the BUR force is sufficient to meet the BUR objective (two nearly simultaneous MRCs), these major force elements are adequate.

### Background

From the end of the Korean War to the fall of the Berlin Wall, our military force structure has been based on the perceived threat posed by the Soviet Union. Our strategy sought to contain Communist expansion and required that we be prepared to confront the Soviets (or their surrogates) with conventional or nuclear forces as circumstances required. In fact, the U.S. never possessed sufficient conventional forces to ensure victory against a Soviet invasion of western Europe, hence our refusal to negotiate away the right to "first use" of tactical nuclear weapons. The question then of whether or not we had sufficient conventional force structure turned on the issue of *risk*--the greater our conventional capability, the lower the risk of a nuclear exchange or a conventional defeat.

The size and effectiveness of the Soviet military is no longer the primary consideration that drives U.S. force structure. A definable threat--the Soviet military--has been replaced by one more difficult to quantify. The BUR and the subsequent National Security Strategy established--we think correctly--the two-MRC scenario at the high end of the threat spectrum and peacekeeping operations and humanitarian assistance at the low end. Given the state of world affairs, this is a reasonable basis for determining force structure. To plan for less would be irresponsible and might even encourage aggression against U.S. interests and those of our allies.

Importantly, while the BUR recognizes the need to transition from global Cold War planning to planning for regional contingencies, it retains the strategic concept of the military as a deterrent force. To whittle the force down to where it would be no more than an even match for one or two potential adversaries would eliminate much of that deterrent value. It is undoubtedly

true today as it was throughout the Cold War, that it costs far more to wage war than to maintain the peace.

#### **Is The BUR Force Sufficient To Meet The BUR's Two-MRC Goal?**

The first question put to us was this: Is the BUR force structure sufficient to meet the requirement of our current defense strategy to fight and win two "nearly simultaneous" MRCs? With regard to conventional forces, we believe it is not. With regard to nuclear forces, based on the recommendations in the Nuclear Posture Review of September 22, 1994, we believe they are adequate if appropriate steps are taken.

The BUR-proposed conventional force levels are inadequate because they:

- fail to properly account for forces committed to forward presence missions;
- fail to provide an adequate rotation base for deployed forces;
- fail to provide sufficient force levels to meet forward presence requirements while simultaneously supporting numerous peacekeeping operations;
- incorrectly assume that all forces will be available on short notice to meet the two-MRC objective.

In the following pages we address the conventional forces each of the services, noting the BUR-proposed force level, why we believe it is insufficient, and offering our opinion as to what the correct force level should be. Following that discussion is a brief assessment of the recently published Nuclear Posture Review

## A. ARMY FORCE STRUCTURE

The BUR proposed an Army warfighting force structure of ten active divisions supported by 15 "enhanced readiness" combat brigades in the National Guard. The BUR estimated that 4-5 active divisions would be required for one MRC; two MRCs would require all ten. But the BUR fails to take in to account several "fact of life" requirements and limitations that would prevent a ten division force from meeting the two-MRC objective. When those factors are properly considered, the required Army force structure is 12 active divisions supported by 15 "enhanced readiness" brigades and a strategic reserve and reconstitution capability in the reserve components.

### Why is the BUR Army Force Structure Inadequate?

The BUR-proposed Army force structure of ten active and 15 "enhanced readiness" brigades is inadequate to meet the BUR's two-MRC objective for at least five reasons:

1. Early access to reserve units is a key assumption in the BUR to enable the ten active division force to meet the two-MRC objective. However, once mobilized, a period of at least 90 days is required to prepare an "enhanced readiness" National Guard brigade for combat. Therefore, even with a prompt decision by the President to mobilize the National Guard brigades, in the event of two "nearly simultaneous" MRCs only the active divisions could be immediately deployed. Three of the active divisions are already deployed, one in Korea, two in Europe. The division in Korea has virtually no ability to redeploy to another theater. Therefore, if neither MRC involves Korea, only nine active divisions remain available (including the two in Europe). At best, only one of the Europe-based divisions could be redeployed any distance from its operating theater. So under optimum conditions, just eight of the proposed ten active divisions would be available for the two-MRC scenario.
2. To meet MRC requirements, Army forces must be tailored into the correct package of heavy (armored/mechanized), light (predominantly dismounted infantry), special operations forces (Rangers, Special Forces, Special Operations Aviation), and special purpose forces (airborne, air assault, command and control, logistics, and infrastructure). With a ten-division limit, there are sufficient heavy and light forces (given current forward deployments) for one MRC, but not two. The best the Army can do at the ten-division level is maintain its two special purpose divisions (82d Airborne and 101st Air Assault), two light divisions, and six heavy (armored/mechanized) divisions. However, as noted above, three of the heavy divisions are already deployed--two in Europe and a third in Korea. For an MRC outside Europe and Korea, two of these heavy divisions--one in Europe and one in Korea--are unavailable. The first MRC will require three or possibly all four of the remaining heavy divisions leaving at most one for the second MRC.
3. The BUR incorrectly assumes that units engaged in "operations other than war" (OOTW) may be rapidly redeployed to a combat theater. Different training requirements, long distances, and the inability to depend on rapid disengagement from a peacekeeping operation make this assumption unrealistic. To maintain a modest one-brigade level of peacekeeping

operations requires the support of a full division for rotation and reinforcement. Also, because of the time required to train reserves for active employment, and the strategy limitations on deploying the reserves for actions not involving a national emergency, OOTW activities are conducted primarily by *active* forces, which further reduces the number of active divisions available for an MRC. Additionally, sustained engagement in OOTW activities dulls combat skills (recall the experience of Task Force Smith in Korea.) Such units would require retraining before redeployment to combat operations.

4. The BUR bet on certain modernization enhancements to make the ten division Army more effective than are no longer programmed or budgeted. A smaller force can be as effective as a larger force if it is fully modernized. But the cancellation of such programs as the Comanche helicopter will deny the smaller BUR forces those necessary enhancements. Additionally, the potential lack of adequate strategic lift until beyond the year 2000 will deny the force the ability to reduce closure times. Without such enhancements, a smaller force is just a smaller--and slower--force.

5. The deployment of all ten BUR Army active divisions to MRC theaters would leave *no* capability to generate, train for commitment in a divisional structure, and deploy the reserve brigades. Some active forces must remain behind to bring the reserve forces up to combat readiness.

#### **Assessment of Force Structure Requirements**

The Army force structure must be capable of meeting--though *not necessarily simultaneously*--the following requirements:

1. Forward Presence--forces that are forward-based (Korea, Europe) and those that deploy periodically for joint/coalition training help maintain the confidence of allies, promote interoperability, and provide would-be adversaries with clear evidence of American intent and capabilities.

2. Peacetime Engagement (OOTW)--forces capable of providing humanitarian assistance, peacekeeping support, disaster relief, etc.

3. Two "nearly simultaneous" MRCs--forces capable of rapidly deploying to, fighting and winning two separate MRCs, with sufficient structure remaining to mobilize, train, and deploy the reserve components; and reconstitute a strategic reserve.

Obviously, the first two requirements (forward presence and OOTW) are less demanding than the third (two MRCs). However, while the two-MRC objective is the paramount driver of overall Army force structure, sufficient additional structure must be retained in the active force to permit transition to war while attempting to disengage from OOTW activities, to maintain the first MRC force's effectiveness until conflict termination, retraining, reconstitution, and redeployment to support the second MRC; and to conduct post-conflict stability operations following both MRCs.

It is our assumption that in the event of an actual two-MRC crisis, all other commitments would be abandoned to the extent practical. Units assigned to forward presence and OOTW activities would be redeployed to the MRC theaters as quickly as possible.

### **RECOMMENDATION**

Since each MRC requires 4-5 divisions with another in theater reserve, the BUR's two MRC scenario properly projects a requirement for *ten immediately deployable* divisions. However, since three of those divisions are already deployed, only *one* of which is available for redeployment, a total of 12 divisions, nine located in the U.S., are required to meet the two-MRC objective. The additional forces needed to complete the requirement for the second MRC would have to be made available from uncommitted reserve components and reconstituted, retrained, and redeployed active forces as identified earlier in this section.

The Army should maintain 12 active divisions, funded to take advantage of the improvements in lethality, survivability, depolyability, and other high technology developments that evolved from lessons learned from Operation Desert Storm. The 12-division force would require a supporting higher echelon of one field army and four corps to perform essential command, control and support functions for contingencies and OOTW activities. This supporting echelon would require logistical supporting structures for the four corps conducting operations in two distinct and widely separated theaters.

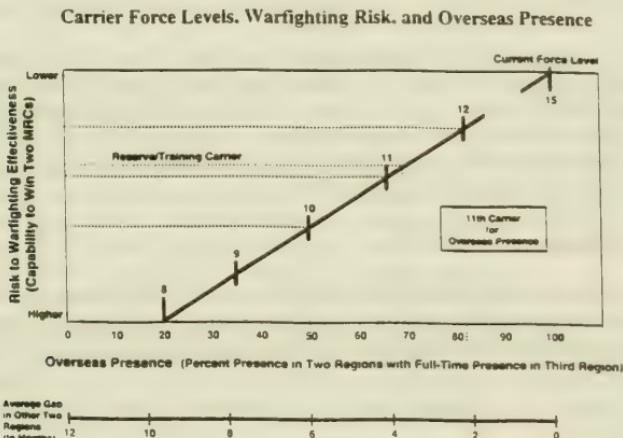
## B. NAVY FORCE STRUCTURE

The BUR proposed a Navy force level of 11 deployable aircraft carriers and one training carrier. Such a force is marginally capable of meeting the two-MRC requirement (the BUR estimates 4-5 carriers are required for one MRC, 11 are needed for two), but it is not sufficient to meet forward presence and OOTW commitments over a sustained period without eventually compromising capability and readiness.

To sustain peacetime presence missions without sacrificing readiness, a force level of 13 deployable carriers is required. Such a force could fully meet the two-MRC requirements, though, as with each of the services, most other activities (presence, OOTW) would have to be abandoned to respond to the second MRC.

### Why is the BUR-Proposed Force Level Insufficient?

The taskings on the Navy's carriers are determined by the National Command Authority. Currently, those requirements include maintaining a nearly continuous carrier force presence in three widely separated regions: the Mediterranean, the Indian Ocean, and the western Pacific. According to the BUR's calculations, to maintain a *continuous* carrier presence in each of those locations requires a total of 15 carriers. At the BUR-proposed level of 11 deployable carriers, presence could be maintained at *one* of those locations 100% of the time, while the other two would be covered only 66% of the time. The following graph demonstrates the relationship between force levels and the coverage of the three regions:



Source: Bottom-Up Review

At a level of 13 deployable carriers, presence could be maintained at one location 100% of the time, and approximately 89% of the time in the other two regions. The practice of allowing periods during which there is no carrier presence is referred to as "gapping".

Additionally, the BUR-proposed force of 11 deployable carriers does not allow adequately for contingencies such as the recent invasion of Haiti or doubling the carrier presence off the Korean peninsula. Such unplanned requirements disrupt the normal carrier deployment cycle which in turn leads to breaking PERSTEMPO (personnel operating tempo) guidelines, postponing scheduled maintenance and overhaul periods, or increased "gapping" of presence missions. The smaller the inventory of carriers, the greater the impact of such unanticipated deployments on both capability and readiness.

### **What Factors Determine the Availability of Aircraft Carriers?**

Several factors determine the availability of aircraft carriers, including:

#### **1. PERSTEMPO**

The Navy has established PERSTEMPO guidelines which seek to assure crew members that their time away from home on deployment will not be excessive. This goal was established following the experience of the late 1970s when frequent, extended deployments were determined to be a primary cause of departure from active duty. PERSTEMPO guidelines can be exceeded when operational necessity requires, but if done repeatedly, the consequences to morale and retention are inescapable.<sup>1</sup>

#### **2. Transit Times**

Transit times to the three presence regions vary from 13 days to reach the Mediterranean from the East Coast, to 45 days to reach the Persian Gulf from the West Coast (transit speed is normally about 14 knots.) Note that in the case of the Persian Gulf, the round-trip consumes *three* months of a six month deployment. Transit times can be shortened slightly by increasing transit speed, but operating at higher speeds increases wear on machinery, adding to the maintenance burden.

#### **3. Overhaul Schedule**

Like any sophisticated machinery, aircraft carriers require continuous maintenance. Currently, the "operational interval" for a conventionally powered carrier is 72 months during which a carrier will complete three or four six-month deployments (with a total

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<sup>1</sup>In October 1985, the Chief of Naval Operations established the following PERSTEMPO guidelines in response to concerns about excessive periods at sea

- a. The length of any deployment, including transit times, will not exceed six months.
- b. Before beginning a new deployment, ship personnel will spend a minimum of two months in their home port operating area for every month the ship was deployed.
- c. The ship and its personnel will spend a minimum of 50% of the time during a recurring five-year period in their home port.

projected life of 30 years). The operational interval for a nuclear powered carrier is 264 months during which it will complete twelve six-month deployments (with a projected life of 45 years). At the end of the operational interval, each carrier will enter a complex overhaul lasting twelve months for a conventionally powered vessel and 36 months for a nuclear carrier. Overhauls can be delayed, but as with breaking PERSTEMPO guidelines, the consequence will inevitably be reduced readiness.

#### 4. Training (Build-Up) Requirements

Before a carrier is ready to deploy it must complete a training or "build-up" period of between two months and one year depending on the training cycle of the carrier and the embarked airwing. This period is essential to the safe operation of the ship. Deploying a carrier prior to the completion of this training is feasible but necessarily carries with it a higher level of risk.

#### 5. Unanticipated Contingencies

The invasion of Haiti (involving two carriers) and the doubling of the carrier presence off Korea are the sort of activities which the Navy cannot schedule but must be prepared to support. A force so small (11 carriers) it can barely meet peacetime presence missions will be severely strained by such unanticipated contingencies. Eventually, the consequences will appear in reduced readiness and capability.

These are among the most significant factors that determine the availability of aircraft carriers. As noted above, most are subject to modification as operational requirements demand. But repeated violation of these standards will inevitably compromise both capability and readiness.

### **RECOMMENDATION**

In order to meet the National Command Authority requirements for a carrier presence in the Mediterranean, Indian Ocean, and western Pacific--at an acceptable level of risk--we recommend a force level of 13 deployable carriers. Such a force would also meet the BUR requirement of 11 carriers to fight two MRCs. In order to fight the second MRC, virtually all presence and OOTW commitments would have to be abandoned.

We further recommend that the Navy retain a dedicated training carrier. The difficulty of integrating initial carrier qualifications with the deployment schedule of fleet carriers, coupled with the safety concerns associated with introducing the least qualified pilots into the carrier environment, argue strongly in favor of a dedicated training carrier.

## C. AIR FORCE FORCE STRUCTURE

The BUR proposed an Air Force force structure of 20 fighter wings (13 active duty, seven from the Guard/Reserve) and "up to 184" heavy bombers. While the proposed bomber force is sufficient to meet the two MRC objective, the proposed fighter force is not.

The BUR projects a requirement for 10 fighter wings per MRC, which is consistent with our Vietnam experience (average 9.75 USAF fighter wing equivalents or "FWE") and with Desert Storm (10.25 USAF FWE). But in order to produce 10 combat ready wings for each MRC, a total of more than 20 wings is required. This is the inescapable result of "real world" limitations imposed by such factors as crew training requirements, the ratio of aircrews to aircraft, and aircraft readiness rates which the BUR appears not to have fully considered.

When these factors are properly considered, a total force of 25 fighter wings is required to provide between 8-10 FWEs to each MRC.

### **Why is the BUR-Proposed Force Level Insufficient?**

The BUR failed to take into account several significant considerations that affect the availability of a fighter wing. At any given time, some pilots, some maintenance crews, and some aircraft will not be ready for deployment. As a result, it "takes three to make two"; i.e., to generate two combat ready FWEs, three FWEs are required. Here's why:

#### 1. Aircraft Mission Capable (MC) Rates

If all aircraft were maintained at an MC rate of 100%, then all would be available for deployment to a combat theater. In fact, no aircraft are maintained at that rate--the highest MC rate in the Air Force inventory is about 90%; most are lower. At 90%, that eliminates an entire FWE from the proposed force of 10 per MRC--leaving at best just nine per MRC.

#### 2. Aircrew Training

Aircrews who have just completed flight training are not considered combat ready. Even under the current system that graduates a pilot from a Combat Crew Training Squadron (CCTS) designated "MR" (Mission Ready), much additional training is required to make that pilot *combat* ready. The six-month build-up to Desert Storm masked this limitation--but for a war with shorter notice, this is a very real consideration. Even during Desert Shield and Desert Storm the fighter wings were supplemented with additional experienced pilots. The squadrons that remained at home had the responsibility of bringing less experienced pilots up to combat standards.

### 3. Crew Ratios

The currently funded ratio of aircrews to aircraft, 1.25:1, is less than required to make optimum use of a wing's aircraft. During Desert Storm, a ratio of 1.75:1 was considered proper for the optempo and average sortie duration of that conflict. The Air Force sought in the FY 1995 Program Budget Submission to increase the peacetime crew ratio to 1.4:1, but was unsuccessful. The BUR-proposed force level of 20 fighter wings--at a crew ratio of 1.25:1--provides no pool of additional aircrews to increase the ratio as was done in Desert Storm.

Other considerations, such as longer sortie durations and the requirement for highly specialized mission training (e.g., low level, night LANTIRN operations), make it increasingly difficult to "do more with less". The smaller the force, the less flexible and responsive it is.

### 4. Maintenance/Munitions Crews

Maintenance and munitions crews are subject to the same limitations that affect new pilots. All must gain some "seasoning" before they are prepared to support combat operations. The introduction of minimally qualified support personnel into such an environment only adds to the risks facing ground crews, aircrews, and aircraft.

### 5. A Smaller Force Requires Doubling Up Missions

To fight effectively, the Air Force must be capable of performing all of the following missions:

- Air superiority (air to air)
- Manned Destructive Suppression of Enemy Air Defenses (SEAD)
- Interdiction
- Close Air Support
- Theater Reconnaissance

But a force of 20 fighter wings is insufficient to accommodate *all* these missions with dedicated assets. For example, the current plans do not allow for dedicated manned destructive SEAD aircraft, an essential mission previously performed by F-4G Wild Weasels. That mission will have to be performed by F-16 or F-15 aircraft (both of which are less capable than the F-4G at this mission) which may require double or possibly triple-tasking those aircraft to perform air superiority, interdiction, and SEAD missions interchangably. Such multiple tasking limits warfighting flexibility and may compromise the ability to make the most effective and timely application of air assets.

## 6. Forces Committed to Other Theaters

In providing only 20 fighter wings and projecting that all 20 will be available to deploy to the two MRCs, the BUR appears to assume that all currently deployed fighter assets can easily be moved in the event of crisis. Currently, the Air Force has some 2.5 fighter wings deployed to Korea and Japan, 2.3 fighter wings deployed in Europe, and additional fighters deployed to enforce the "no fly" zones in Bosnia and northern Iraq. Certainly some of these missions could be abandoned in the event of a two-MRC crisis. It is questionable, however, whether all would be abandoned.

Furthermore, the vast majority of these overseas commitments are met by *active* units. With just 13 active wings to draw from, fewer units are available to bear a steadily increasing burden. The Secretary of the Air Force has stated recently that deployment tempos for the Air Force have increased *fivefold* since the fall of the Berlin Wall, and that "almost 50% of our active-duty fighter force is continuously engaged overseas."<sup>2</sup> It is inevitable that such deployment rates will impair readiness (by displacing scheduled training and maintenance) and will create retention shortfalls.

These and other factors demonstrate that the BUR-proposed force level of 20 fighter wings is *insufficient* to provide the objective of 10 FWEs per MRC.

### Fighter Force Structure Requirements

The objective of providing 10 FWEs to each MRC is sound. Using the "three to make two" formula, a total force of 30 fighter wings would be required to produce 20 combat-ready FWEs with an adequate rotation base. A smaller total force of 25 fighter wings could provide, at best, 8-10 FWEs per MRC.

Providing fewer FWEs to a combat theater may delay the execution of battle plans and result in greater ground force casualties. As Desert Storm demonstrated, the timely and effective application of airpower *prior to* engaging ground forces can dramatically reduce such casualties.

### Bomber Force Structure Requirements

The Air Force maintained a heavy bomber force of 287 aircraft in 1991; the BUR-proposed force level is "up to 184" bombers. A total of 70 bombers (B-52s) were deployed to Desert Storm. The BUR estimated that 100 deployable bombers (B-52s, B-1s, and B-2s) would be required for one MRC assuming planned force enhancements are carried out. Some or all of the 100 bombers could redeploy to a second MRC as required. A total of 181 bombers will be in the active Air Force inventory by FY 2001. Since bombers, like fighters, are affected by MC

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<sup>2</sup>Secretary of the Air Force Sheila E. Widnall, *Commentary*, *Air Force Times*, January 9, 1995

rates, crew training , etc., this inventory is the minimum required to deploy 100 bombers to an MRC. All bombers will be capable of dropping advanced conventional munitions.

**RECOMMENDATION**

We recommend a fighter force of 25 fighter wings (16 active, 9 in the Guard/Reserve). Such a force would be capable of providing 8-10 FWEs per MRC while maintaining a modest rotation base for training and replacement. Such a force could sustain limited OOTW activities while engaged in one MRC; two MRCs would require the abandonment of virtually all OOTW functions.

We endorse the BUR recommendation for a bomber force of 184 aircraft.

## **D. MARINE CORPS FORCE STRUCTURE**

The BUR proposed a force structure of three active divisions and airwings for the Marine Corps supported by one reserve division and airwing. The BUR specified an active duty end-strength for the Marine Corps of 174,000 and a reserve component of 42,000. The reductions in the Marine Corps end-strength from the FY 1990 levels of 197,000 active and 44,000 reserves were made strictly for budgetary reasons, not because of any reduction in the threat. Unlike the Army, Navy, and Air Force, the Marine Corps was *never* sized to confront the Soviet Union. The missions for which the Marine Corps is configured have in fact increased following the collapse of the Soviet Union.

Marine Corps force structure should remain at three active divisions and airwings, supported by one reserve division and airwing. Marine Corps active end-strength should be increased to 194,000 with a reserve component of 42,000.

### **Why is the BUR Force Insufficient?**

The BUR properly retained the Congressionally-mandated<sup>3</sup> Marine Corps force structure of three active divisions and airwings supported by one reserve division and airwing. However, the BUR-proposed end-strength of 174,000 active and 42,000 reserves compromises the warfighting capability of the overall force and is insufficient to meet the two-MRC objective; nor can such a force meet the current level of peacetime operating commitments at acceptable deployment tempo (DEPTEMPO<sup>4</sup>) levels.

#### **1. Loss of Warfighting Capability**

The decline in active duty end-strength has substantially reduced warfighting capability. Reductions to date have eliminated from the active force 45% of Marine Corps artillery, 29% of Marine tactical aviation, and 50% of Marine tank battalions compared with FY 1990 levels.<sup>5</sup> Additionally, each of the active Marine divisions has had to reduce its reconnaissance battalion to a single company to perform that vital mission. Further, the 3rd Division on Okinawa has been forced to give up one of only two infantry regiments. These and other force structure reductions compromise the warfighting capability of the Marine Corps.

#### **2. Force Level Required to Support an MRC**

During Desert Storm, the Marine Corps fielded a force of 98,000 active Marines from a total active Fleet Marine Force of 118,000 Marines. Today, the Fleet Marine Force consists of 107,000 active Marines. With such a force level, the Marines could field

<sup>3</sup>10 U.S.C.A. Sec. 5063

<sup>4</sup>The Marine Corps defines DEPTEMPO as: "The percentage of time in a given annual period that a unit, or element of a unit, supports operations or training away from its homebase for a period greater than 10 days."

<sup>5</sup>Department of the Navy 1994 Posture Statement, p. 3

a force equal to that deployed to Desert Storm<sup>6</sup>--but obviously could not generate such forces for *two* nearly simultaneous MRCs.

### 3. Amphibious Lift

The ability of the Marine Corps to support two nearly simultaneous MRCs is further impaired by limitations on amphibious lift. During Desert Storm, the Navy had 62 amphibious ships, 34 of which were deployed to the Persian Gulf. As a result of Navy force structure reductions, just 41 amphibious ships remain in the fleet.<sup>7</sup> Again, such a force structure could support one, but not two nearly simultaneous MRCs.

### 4. Deployment Tempo (DEPTEMPO)

The increase in demands placed on the Marine Corps following the collapse of the Soviet Union, combined with the reduction in active duty end-strength from 197,000 to 174,000, means that a smaller force is being tasked to support a growing number of commitments. This has resulted in a DEPTEMPO that continues to exceed established guidelines. A good example is the experience of the 24th MEU which, upon returning from a six-month deployment to the Mediterranean was immediately diverted to the Caribbean during the Haiti crisis. The 24th MEU remained on station off of Haiti for 42 days before returning to the U.S.

The goal of the Marine Corps is to maintain a deployment rate no higher than 35-45% for ground units and 40-50% for aviation units. For the past year, deployment rates have averaged 43-53% for ground units and 48-58% for aviation units.<sup>8</sup> Some Marine aviation units have reached DEPTEMPO rates as high as 69%.<sup>9</sup> Marines do not object to operating--they remain ready and capable of executing the full range of assigned missions. However, we know from experience that the burdens of overly frequent deployments, particularly those of extended duration, weigh heavily on our Marine families. Eventually, the effects of an excessive DEPTEMPO will be manifested in declining retention, particularly among our noncommissioned officers (NCOs). The force should be sized consistent with the demands placed upon it.

## RECOMMENDATION

The Marine Corps should retain three active divisions and airwings, and one reserve division and airwing. Active end-strength should be increased to 194,000, and reserve end-strength should remain at 42,000.

<sup>6</sup> General Carl E. Mundy, Commandant of the Marine Corps, letter to Senator John S. McCain, December 21, 1994  
*Ibid.*

<sup>7</sup> Public Affairs Directorate, HQMC, United States Marine Corps, Washington, DC., August 23, 1994

<sup>8</sup> Congressman Floyd Spence, *Military Readiness: A View from the Field*, December 1994, p. 14

## **E. NUCLEAR FORCE STRUCTURE**

On September 22, 1994, the administration completed a study similar to the Bottom-Up Review for nuclear forces, called the Nuclear Posture Review. The study proposed that the U.S. deploy the 3,500 strategic warheads allowed by the Strategic Arms Reduction Treaty (START) II in the following manner:

1. 14 Trident Submarines carrying 336 Trident II (D-5) submarine-launched ballistic missiles (SLBMs) and 1,680 warheads;
2. 66 B-52 bombers, each capable of carrying up to 20 air-launched cruise missiles (ALCMs), for a total of 1,000 warheads (not all the B-52s will be configured to carry 20 ALCMs);
3. 20 B-2 bombers, each capable of carrying up to 16 bombs, for a total of 320 warheads;
4. Up to 500 Minuteman III intercontinental ballistic missiles (ICBMs), each carrying one warhead, for a total of 500 warheads; and,
5. The Nuclear Posture Review also recommends retaining a modest, although unspecified, number of tactical nuclear weapons, including bombs and submarine-launched cruise missiles.

### **We Agree with the Nuclear Posture Review in the Following Areas:**

1. **The proposed force, by implication, rejects the idea of complete nuclear disarmament.** Inherent in the findings of Nuclear Posture Review is the judgment that nuclear weapons will continue to serve the U.S. national interest. Nuclear weapons and other weapons of mass destruction are not likely to be eliminated in the foreseeable future. Therefore, the U.S. must retain a nuclear force sufficient to deter the use of such weapons and to respond in kind if necessary. The Nuclear Posture Review makes clear that the U.S. military will be able to do so.
2. **The force is based on a policy that rejects the mutual assured destruction (MAD) policy of the Cold War period.** The strategic nuclear deterrence policy of the Cold War is inappropriate for a world in which several countries may possess weapons of mass destruction and long-range delivery vehicles. The Cold War strategic deterrence policy, based on mutual vulnerability to attack, should be replaced with a policy that seeks to *limit* damage to the United States resulting from such an attack. By replacing MAD with mutual assured safety (MAS), the Nuclear Posture Review appears to agree.
3. **The strategic triad is preserved.** The strategic triad of land-based, submarine-based, and air-based weapons provides the greatest flexibility in covering this global target set. The Nuclear Posture Review recommends preserving the triad.
4. **The force can be adjusted to accommodate arms control initiatives.** A reduction in the target set achieved through arms control agreements will allow a concomitant reduction in

U.S. strategic nuclear forces. The plan set forth in the Nuclear Posture Review is flexible enough to accommodate reductions in strategic nuclear forces through arms control, while still meeting target requirements.

5. **The force includes tactical nuclear weapons.** A modest force of tactical nuclear weapons is needed to offset any advantage an enemy might gain on the battlefield by resorting to the use of weapons of mass destruction, including biological, chemical, or nuclear weapons. These forces should be deployed by the Air Force and Navy. The Nuclear Posture Review recommends retaining the capability of the Air Force to deliver tactical nuclear bombs and for the Navy to deliver nuclear-armed, submarine-launched cruise missiles.
6. **The option of retaliating against non-nuclear attacks on U.S. forces with tactical nuclear weapons is preserved.** According to reports, the Nuclear Posture Review also recommends a policy of reserving the option of retaliating with nuclear weapons even for non-nuclear attacks on U.S. forces.<sup>10</sup> Reserving the option to use tactical nuclear weapons under these circumstances is prudent since it will help deter attacks against U.S. forces with biological and chemical weapons

#### **We Take Issue with the Nuclear Posture Review in the Following Areas:**

1. **The failure to address ballistic missile defenses.** The Nuclear Posture Review failed to address the need for ballistic missile defenses. We believe this is perhaps the most significant deficiency in the report. It is a simple and indisputable truth that the United States is vulnerable to ballistic missile attack. A single missile, properly targeted and launched against a site in the United States will reach its target *unopposed* because we have no capability whatsoever to intercept it once it is launched. By allowing this vulnerability to persist, we only encourage potential adversaries to pursue the development or acquisition of such weapons capable of reaching the territorial United States.
2. **The absence of a specific commitment to meet strategic targeting requirements throughout the disarmament process.** The strategic force structure recommendations in the Nuclear Posture Review are based on the presumption that the existing arms control regime will be fully implemented. While senior administration officials have taken pains to point out that the U.S. is prepared to stop the dismantlement process if circumstances warrant, there needs to be an assurance that such a decision will be driven by the need to meet strategic targeting requirements at all times. Even before START I has been implemented and START II has been ratified, Russia is far behind the U.S. in their dismantlement process. If not addressed, this gap could result in the U.S. having insufficient nuclear weapons to cover all the strategic targets that would remain due to Russia's delay

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<sup>10</sup> R. Jeffrey Smith, "Clinton Decides to Retain Bush Nuclear Arms Policy," *The Washington Post*, September 22, 1994, p. A-1.

3. **The failure to establish a global target set.** The Nuclear Posture Review, for obvious reasons, focuses on Russia's strategic forces as the basis for designing the U.S. strategic force. But Russia is not the only country that possesses strategic forces. China possesses such weapons; North Korea, Iran, and Iraq may also in the near future. The strategic target set should include the strategic forces of *all* potentially hostile countries.
4. **Not reserving the option to resume underground testing of nuclear weapons.** The Nuclear Posture Review assumes that the reliability of the nuclear force can be ensured without underground testing of weapons. The review assumes that the U.S. will not need to test new nuclear weapons in order to modernize the force. Both assumptions are inherently risky. The option to test should be preserved and actual testing should resume if needed either to ensure the reliability of the current arsenal or to modernize the nuclear force, as necessary.
5. **Not assuring a source of tritium.** The Department of Energy (DOE) needs to establish a realistic policy for ensuring an adequate supply of tritium, an essential ingredient for maintaining the reliability and effectiveness of the nuclear arsenal. Currently, the U.S. has no ability to produce tritium.

## V. NEAR-TERM READINESS

In this chapter we address a number of factors that affect near-term readiness. We begin with overall O&M related issues, including the impact on training and readiness that results from the diversion of O&M funds and the effect of such diversions on materiel condition. We then address personnel issues, ammunition, strategic lift, and ballistic missile defenses.

We note that the current administration has established near-term readiness as its highest priority. The services have complied with this guidance and generally have done an effective job sustaining the readiness levels of operationally committed forward deployed forces. However, this has been accomplished at the expense of the non-deployed forces, and most seriously, by sacrificing *future* readiness. Nonetheless, despite this concentrated effort to shore up near-term readiness, we find indications across the board that even near-term readiness is declining.

### A. OPERATIONS & MAINTENANCE (O&M)

The combined Operations & Maintenance (O&M) appropriations for FY 1995 amounted to \$91.5 billion, more than one-third of the overall DOD budget. The O&M accounts fund virtually all training and exercises; maintenance of equipment and real property; and the purchase of fuel, food, supplies, spare parts, and stock items needed to sustain the forces. Under normal circumstances this amount might be adequate to fund all the reasonable requirements of the services. However, there are two practices which have become common in recent years which deprive the services of the full benefit of these funds. They are (1) the diversion of O&M funds to pay for *non-readiness* related activities, and (2) the use of O&M funds to pay for non-budgeted contingencies. These issues are addressed briefly below.

#### 1. Diverting O&M Funds to Pay for Non-Readiness Related Activities

It has become a common practice to earmark DOD funds to pay for non-defense related activities. In FY 1994, nearly \$13 billion of the total defense budget was spent on activities that contribute little or nothing to readiness.<sup>1</sup> These activities include environmental restoration (more than \$6 billion over the FYDP), drug interdiction, Olympic security, breast cancer research, AIDS research, and numerous university research set-aside contracts. The majority of these funds came from the O&M account.

Simply maintaining a high overall funding level in the O&M account does not guarantee the funds will be spent on readiness enhancing activities. The high overall account levels tend to mask the diversion of funds which too often occurs within the account. An excellent example of this budgetary subterfuge occurred in FY 1994 when administration officials announced the

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<sup>1</sup>Information derived from two memoranda with same title Keith Berner and Stephen Daggett, "Items in FY 1995 Defense Legislation That May Not Be Directly Related to Traditional Military Capabilities," Congressional Research Service, March 21, 1994, and October 31, 1994.

addition of \$5 billion to the defense budget O&M account to redress readiness shortfalls. On closer examination it was discovered that \$4.2 billion of that amount went to fund *non-readiness* items such as civilian pay raises, energy efficiency expenses, U.N. assessments, and to offset inflation. Less than \$1 billion went to actual readiness enhancing activities. The inevitable result of these diversions of O&M funds is canceled training, deferred maintenance of equipment and facilities, underfunding of base operations accounts, and deferred procurement of essential spare parts and other supplies.

## **2. O&M Funds Are Diverted to Pay for Unfunded Contingencies**

During the past few years the services have been called upon to conduct numerous operations which were not budgeted. Humanitarian operations such as those in Somalia (at a cost in excess of \$1.2 billion) and Rwanda, the invasion of Haiti (more than \$1 billion for the first year), refugee management in Cuba and Panama, disaster relief for hurricanes and earthquakes, etc., all are paid for out of the O&M accounts--but none of those activities are budgeted for in advance. As a consequence, resources must be diverted from other planned activities, usually training and maintenance, to cover the unanticipated expenses. Supplemental appropriations help, but almost always come too late to allow lost training to be made up or to catch up on deferred maintenance.

Even when supplemental appropriations are made, the services may not receive the full amount appropriated. For example, in FY 1994, the Congress approved a supplemental appropriation of \$1.15 billion to pay for unbudgeted operations in Somalia, Bosnia, Rwanda, Cuba, and Haiti. However, of this total, only \$300 million ultimately reached the services; \$850 million was rescinded and returned to the treasury.<sup>2</sup>

Together, the diversion of O&M funds to pay for non-readiness items and the diversion of planned O&M funds to fund unanticipated contingencies are eroding near-term readiness. They result in lost training, deferred maintenance, migration of OPTEMPO funds to pay for "must fund" base operations expenses, and the deferred replacement of spare parts and other essential stocks. The following are examples from each of the services:

### **ARMY**

- On September 20, 1994, the Deputy Secretary of Defense testified before Congress that the Department was maintaining the highest levels of readiness. In fact, just five days earlier, three Army divisions had reported their readiness condition at C-3--this was the first time since the "hollow force" years that three Army divisions had reported such low readiness levels

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<sup>2</sup>Inside the Pentagon, September, 22, 1994, p 9

- Late in 1994, a battalion of the 2d Armored Division (one that had reported C-3) conducted tank platoon training by having tank crews walk across a range, pretending to be in tanks because they lacked the O&M funds to operate real tanks.
- Notwithstanding the fact that they are integral components of operational readiness, the FY 1995 budget currently funds base operations at 85%, real property maintenance at 61%, and depot maintenance at 62%<sup>3</sup>.
- To fund unbudgeted operations around the world, the Army has had to borrow from its FY 1995 4th Quarter O&M accounts. Reimbursement of \$1.4 billion is required by March 1995 or else significant training will have to be cancelled in the spring and summer of 1995.
- "In 1993, the Army training tempo fell to its lowest point in years. . . the high state of readiness that our Army used to defeat Iraq in 1991 is now being depleted because of our reduced training tempo."<sup>4</sup>
- "All services have tried for three years [since Desert Storm] to replenish . . . prepositioned and war reserve stocks, but low funding levels and continued expenditures in Southwest Asia, Somalia, and elsewhere around the world make it a painfully slow process. DOD, for example, used thousands of medium-sized tents during Desert Shield/Desert Storm, gave thousands more to destitute Kurds immediately thereafter, then erected a tent city at Guantanamo, Cuba, for 12,000 Haitian refugees, and donated hundreds more to help homeless U.S. citizens after Hurricane Andrew hit Florida in 1992. Hardly a tent is left on the shelf."<sup>5</sup>
- According to Army Chief of Staff, General Gordon Sullivan: "The Army is on the razor's edge of readiness."<sup>6</sup>

### NAVY

- Overall readiness for active aviation squadrons declined from about 75% in FY 1990 to 61% in FY 1993.<sup>7</sup>
- Due to funding shortfalls resulting from the diversion of funds to Haiti and other operations, depot maintenance periods for six ships were deferred from FY 1994 into FY 1995.

<sup>3</sup>General Gordon Sullivan, Chief of Staff, U.S. Army, *Going Hollow: The Warnings of the Chiefs of Staff, An Update*, September 1994.

<sup>4</sup>General Gordon Sullivan, Chief of Staff, U.S. Army, letter to Congressman Floyd Spence, 3 June 1994.

<sup>5</sup>Congressional Research Service, Report 94-48S

<sup>6</sup>General Gordon Sullivan, Chief of Staff, U.S. Army, *Going Hollow: The Warnings of the Chiefs of Staff, An Update*, September 1994.

<sup>7</sup>Department of the Navy 1994 Posture Statement, pp. 30-32.

- Unprogrammed near-term readiness requirements are generally funded by delaying ship and aircraft depot level and/or facilities maintenance.
- Navy maintenance backlogs in FY 1994 included 150 airframes and 250 aircraft engines
- One east coast airwing returning from a deployment had its programmed flying hour budget reduced by more than 80% for the 4th quarter of FY 1994 effectively preventing any unit level training.<sup>8</sup>
- According to Chief of Navy Operations, Admiral J. M. Boorda: "We have maintained readiness of deployed forces at the expense of non-deployers and infrastructure. We have gone to the well and it is dry. We must fund training if we are to prevent a 'hollow force'."<sup>9</sup>

### AIR FORCE

- For most operational units in Europe, virtually all flying hours in 1994 were devoted to supporting OOTW activities, not training.
- As a result, aircrews are not accomplishing training. As of June 1994, 96% of F-15E crews needed waivers to continue flying because they did not have the minimum essential training to meet combat mission readiness requirements
- During February and March of 1994, the mission capable rates of the F-117 Stealth fighter dropped to 50%-60%
- Excessive operational demands have placed extraordinary strains on some special units. AWACs crews, for example, have averaged over 165 days on temporary deployment in the past year; HC-130 crews have averaged more than 194 days deployed. In the past year, 13 of 21 flying weapons systems were deployed in excess of the Air Force PERSTEMPO guideline of 120 days per year.
- The Air Force received \$605 million from the FY1994 Emergency Supplemental Appropriations to fund previously unbudgeted operations in Southwest Asia, Somalia, and Bosnia--but their cost for those operations was \$2 billion. The remainder came from funds budgeted for training and maintenance.
- Air Force maintenance backlogs in FY 1994 grew to 40 airframes and 110 engines.

<sup>8</sup>U.S. Representative Floyd Spence, *Military Readiness, A View from the Field*, December 1994, p. 10

<sup>9</sup>Admiral J M Boorda, *Gofrig Hollow: The Warnings of the Chiefs of Staff*, An Update, September 1994

**MARINE CORPS**

- Funding shortfalls in the 2nd Marine Air Wing's flying hour program resulted in 11 of 30 squadrons reporting in the two lowest readiness categories (C-3 or C-4) for the 4th quarter of 1994.
- One division's training funds have been cut 44% to pay for current operations.
- For one Marine air wing, all non-deployed flying stopped on August 19 (until the end of the quarter) as budgeted funds were diverted to support contingency operations.
- Unable to maintain all its equipment because of personnel shortages, the 2nd Marine Division placed the equipment from several companies into administrative storage, including one company of armored assault vehicles, one company of M1A1 tanks, and the equipment of one company of combat engineers. In FY 1993, 100 vehicles were in long-term storage; in FY 1994, the number has grown to 325.
- "For the first time in over a decade, overall ground equipment readiness (i.e., combat ready) has fallen slightly below 90 %. The substantial backlogs at ground equipment depot repair facilities, \$216.1 million in FY 1994 and \$360.5 million in FY 1995, resulting from Operation Desert Shield/Desert Storm, will make it difficult to reverse this trend. At the same time the backlog of maintenance and repair aboard our bases and stations grew from \$624.5 million in FY 1994 to \$758.7 million in FY 1995 and continues to rise, while available funding continues to decrease."<sup>10</sup>
- According to the Navy/Marine Corps 1994 Posture Statement: "We are seeing indications of eroding material readiness in certain areas as budgetary constraints and competing fiscal requirements force hard choices. In most units, maintaining the highest state of materiel readiness is simply not possible at this time."<sup>11</sup>

**CONCLUSION**

Current spending on near-term readiness is clearly inadequate. Moreover, the diversion of budgeted O&M funds to pay for unbudgeted operations and contingencies, and to pay for activities that contribute nothing to readiness, is further undermining the readiness of our forces. Commanders are now routinely compelled to forgo scheduled training, essential equipment maintenance, real property maintenance, and quality of life improvements in order to support these unbudgeted activities. In this environment of increasing commitments with decreasing force structure, training deferred is usually training lost; and maintenance deferred is maintenance accumulated.

<sup>10</sup>Department of the Navy 1994 Posture Statement, p. 33.

<sup>11</sup>Ibid. p. 33.

The deleterious effects of this approach to managing near-term readiness are inescapable. Troops that don't train are troops that are not ready for their primary mission--combat. The continued deferral of scheduled maintenance degrades materiel condition and renders it less capable and less reliable. The repeated postponement of real property maintenance and quality of life improvements is a demoralizing factor that will eventually affect retention. And the continued postponement of investment in modernization (addressed in detail in Section VI) in the attempt to sustain near-term readiness will ensure that *future* readiness is equally imperiled.

## **B. PERSONNEL READINESS TRENDS**

### **Introduction**

*The ability of a volunteer Army to recruit and retain quality people is the sine qua non of its fighting effectiveness.... It requires the resources to provide soldiers and their families with a quality of life that reinforces their desire to serve their nation.... In the final analysis, investing in people is the most cost-effective method of sustaining a smaller Army at the optimum level of capability.*

-General Gordon Sullivan, *America's Army*, 1993

*The [Navy] Department's leadership is committed to attracting and retaining sufficiently talented, motivated, and capable people to properly man our ships and Marine Air-Ground Task Forces.... personnel affect all areas of our Fleet and Marine Corps and are the strong foundations that form the core of our combat readiness.*

-Department of the Navy, 1994 Posture Statement

*Attracting high quality recruits and retaining people is a basic indicator of the health of an organization.*

-Senator John McCain, *Giving Hollow* (1994)

Any military organization is only as capable as the people who comprise it. We know from the experience of the late 1970s the consequences of compromising recruiting standards and failing to adequately provide for the men and women who make up our career forces. Every reasonable effort should be made to ensure we do not repeat the mistakes of the 1970s. Regrettably, many indications are beginning to appear that point to a return to those conditions

### **Background**

From World War II until 1973, the United States relied on conscription to provide military manpower. With the end of the draft in 1973, the military was forced to compete in the national labor market. Our initial experience, which resulted in the "hollow force" of the mid- and late-1970s, is well remembered as a time of low recruiting standards and large numbers of poorly-qualified personnel filling out the armed forces. Military compensation was insufficient to attract and retain enough quality people. As a result, the services were forced to fill their ranks with individuals with lower levels of education, aptitude, and motivation. The effect on the military was profound. Such people were more difficult to train and motivate, more prone to discipline problems, and less likely to consider the military as a career. Their presence served to demoralize their fellow service members. Military commanders were forced to spend a disproportionate amount of time dealing with discipline problems, leaving less time to devote to training and readiness.

When defense spending began to increase in 1981, incentives to enlist such as basic pay, education benefits, and selective recruiting and re-enlistment bonuses were all expanded. The effects were immediate and dramatic. In just three years, from 1980 to 1983, the percentage of recruits with high school diplomas rose from 68% to 91%, the percentage of "high quality"

recruits--those with high school diplomas and high scores on aptitude tests--rose from 28% to 52%. These trends continued until 1992, when 99% of all recruits had a high school education, and 74% were in the "high-quality" category.

### Current Status

#### **1. Recruiting**

In the age of the all-volunteer force, recruiting is primarily a function of the number of available youth in the population, the services' overall requirement for new recruits, the willingness of youth to be recruited, and the resources devoted to recruiting.

##### **a. The population of available youth has been declining.**

The "recruitable" population has been declining in both absolute and relative terms. In 1980, there were 21 million Americans between the ages of 15 and 19, 9% of a total population of 227 million. In 1990, there were 18 million in this category, 7% of the total population of 249 million.

##### **b. The services must recruit more people beginning in 1995.**

Some of the decline in youth population has been masked by falling recruiting requirements. As the total force has grown smaller, annual recruit requirements have fallen from 360,000 recruits in 1980 to 302,000 in 1985, 222,000 in 1990, and 176,000 in 1994. However, the size of the force has now stabilized, and annual accession requirements are beginning to increase again. The military will require 181,000 recruits in 1995, 198,000 in 1996, and 211,000 in 1997.<sup>12</sup> This will magnify the effects of a smaller pool of available young people.

##### **c. Fewer young Americans want to serve in the military.**

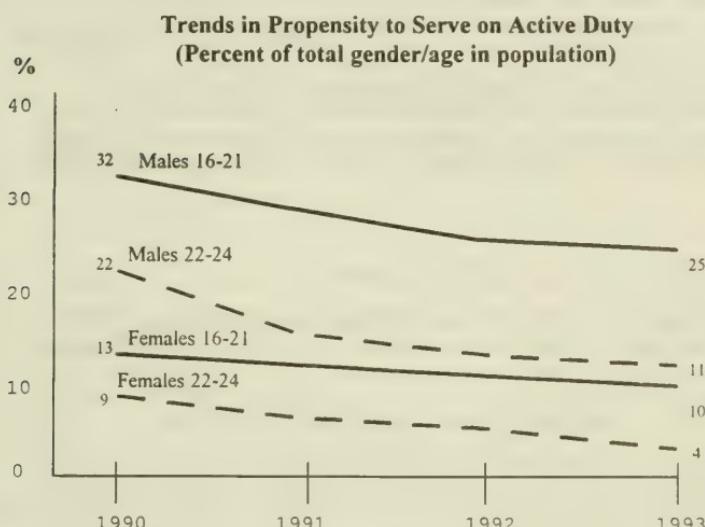
*"Our most experienced recruiters tell us it has become more difficult to attract, contract, and hold quality young people for service in the Army. These perceptions are reinforced by a number of independent indicators....Recruiting difficulties are very likely to continue into FY95, but it is the significantly increased accession mission beginning in FY96 that is most foreboding."*

-MGen Kenneth W. Simpson, U.S. Army Recruiting Command, 12 April 1994

A crucial indication of the recruiting environment is the willingness of young people to consider military service. Since 1975, the Department of Defense has used its *Youth Attitude Tracking Study* (YATS) to determine the "propensity, attitudes, and motivations of young people

<sup>12</sup>Figures from the Office of the Assistant Secretary of Defense for Manpower and Personnel Policy, December 1994

toward military service."<sup>13</sup> The YATS defines propensity as the "percentage of youth who state they plan to 'definitely' or 'probably' enlist in the next few years." As the following graph indicates, the trend is downward for all services and in all age categories.



Source Department of Defense, Youth Attitude Tracking Study, 1990-1993

Several facts emerge from this chart:

- Among young men, who constitute the bulk of military manpower, propensity to serve among 16 to 21-year-old males was at a level of 32% in 1990. By 1993, it had fallen to 25%, a 7-point decline in just three years.
- During the same 1990-93 period, propensity among 22 to 24-year-old males fell by half, from 22% to 11%.
- Propensity declined in all services, for all age groups, among all races, and for both genders.
- This across-the-board decline has occurred uninterrupted since 1990.

Surveys have been conducted to determine the reasons for this declining willingness to serve. We believe the following to be among the more prevalent reasons:

- Uncertainty about the prospects for a career in the military
- Perception that greater opportunities exist in the civilian job market.
- Concern that military pay, benefits, and quality of life are eroding.

<sup>13</sup>Assistant Secretary of Defense for Personnel and Readiness, memorandum regarding the 1993 Youth Attitude Tracking Study, 21 January 1994

- Concern over such controversies as the attempt to allow homosexuals into the military.

As for recruiting at the service academies, the quality of new cadets remains high, but each institution is reporting a decline in the number of applications received. West Point and the Air Force Academy have both experienced an 11% decline in applications since 1992. At the Naval Academy, the number of applications has fallen an average of 8% over the past three years, 12.8% in 1994 alone. Some reports attribute this flagging interest to the 1992 decision to increase the traditional requirement of five years of active duty after graduation to a six-year obligation.<sup>14</sup> However, it is reasonable to conclude that some of this declining interest stems from the same concerns found among young people considering enlisted service, as reflected in the YATS .

#### **d. Fewer resources are available for recruiting.**

Recruiting budgets for each of the services have been substantially reduced. Since FY1990, the Army has reduced its recruiter support funding 31% and cut its advertising budget 46%<sup>15</sup>; in 1992 alone, the Army cut its recruiting force 21%.<sup>16</sup> Since 1992, the Air Force has reduced its recruiting force 17%; the Navy has cut recruiting advertising funds 59%.<sup>17</sup> Overall, the Defense Department's recruiting budget declined from \$270 million in 1986 to less than \$110 million in 1994.<sup>18</sup> Cuts to recruiting budgets have been justified on the basis that fewer recruits are required as the forces downsize. However, costs do not go down significantly with reduced recruiting goals; whether a recruiter gets one new recruit or ten from a local high school, his costs for travel and local advertising remain roughly constant. As a result, the cost-per-recruit has actually risen, from \$4,883 in FY 1988 to \$6,500 in FY 1993.<sup>19</sup>

#### **e. The quality of recruits is declining.**

*The challenges are great and we do have a problem. The percentage of recruits scoring in the top half of the Armed Forces Qualification Test has fallen from 86 to 80 percent in the past two years...it represents a disturbing trend. Poorer quality recruits have higher attrition rates, increased associated training costs, and may have a difficult time managing the increasingly high-tech requirements of today's and tomorrow's Air Force.*

-Secretary of the Air Force Sheila E. Widnall, 31 May 1994

By the time of the Persian Gulf War in 1991, measures of recruit quality were at an all-time high. In many job categories, re-enlisting had become highly competitive, as a large pool of

<sup>14</sup>Associated Press, "Naval Academy Asks Review of 6-Year Active-Duty Tour," *The Washington Times*, December 20, 1994, p. C-3

<sup>15</sup>Simpson, *op. cit.*

<sup>16</sup>John M. Collins, "Military Preparedness: Principles Compared With U.S. Practices," CRS Report For Congress, January 21, 1994, p. 17

<sup>17</sup>Ibid., p. 17

<sup>18</sup>Harris, *op. cit.*, p. A9.

<sup>19</sup>John G. Roos, "Advertising Slashed, But A Recruit 'Costs' More," *Armed Forces Journal International*, March 1992, p. 17

qualified people competed for a diminishing number of slots as they climbed the rank pyramid. Today it is different. As recruiting budgets are reduced and fewer young people are interested in military service, the only alternative is to accept more recruits from lower quality categories. In fact, all measures of recruit quality have declined since 1992.

DOD data indicate several trends:

- The percentage of recruits with high school diplomas fell from 99% in 1992 to 96% today.
- The percentage of recruits in the top three aptitude categories fell from 75% in 1991 to 72% today.
- "High-quality" recruits (those with high school diplomas and in the top three aptitude categories) made up 74% of the recruit pool in 1992, and is at 68% today.
- Category IV recruits ("Cat-Fours"), those with the lowest scores on the military's aptitude test, are increasing as a percentage of total recruits, from 0.2% in 1992 to 0.7% today

#### **f. Hitting the recruiting "wall:" the case of the Army.**

The Army is the most manpower-intensive service, therefore the looming recruiting crisis is best understood from the Army perspective. While the Army has met its recruiting objectives in recent years, there are several variables which indicate serious recruiting problems just beneath the surface. A Congressional mandate to reduce recruiter personnel by 10% from 1992 to 1994 is forcing the Army to achieve its goals with 1,100 fewer recruiters, and with less money for advertising and travel. In the words of the Army's senior personnel officer, meeting the 1993 goal of 70,000 new recruits "became more and more difficult each month. We finished FY 1993 (September) with the worst contracting month in Recruiting Command history. FY 1994 has been no different."<sup>20</sup> There was only one option<sup>21</sup> to meet its goals, the Army was forced to recruit more lower-quality recruits. In 1994, 1.9% of Army recruits were "Cat-Fours," compared with 0.4% in 1992; 70.6% were "quality" recruits, compared with 77.7% in 1992.<sup>22</sup> Moreover, because the Army is continuing to downsize, its 1994 recruiting goal of 70,000 was abnormally low. In 1996 and beyond, this goal will rise to 86,000--at a time when the available recruit pool is declining and the propensity to serve may still be eroding.

Officer recruiting is also becoming more difficult for the Army. While West Point and college ROTC scholarship programs continue to attract qualified people, the Army commissions about 50% of its new officers from non-scholarship ROTC cadets. Based on current trends, the Army anticipates a shortfall of 1,200 lieutenants in FY 1996.<sup>23</sup>

<sup>20</sup>Statement of LTG Thomas P. Carney, USA, Deputy Chief of Staff for Personnel, Department of the Army, before the Subcommittee on Military Forces and Personnel, House Committee on Armed Services, 14 April 1994

<sup>21</sup>Department of the Army data as of 30 September 1994

<sup>22</sup>Carney, *op. cit.*

## 2. Retention

Many factors influence the decision to remain in the military. Those that are well understood include: job satisfaction, including the workload and the time spent away from home; compensation; the potential for career advancement; and alternative employment opportunities in the civilian economy. In each of these categories, the outlook for future retention is not encouraging.

### a. The workload for military personnel is increasing.

Military men and women have historically been willing to bear almost any burden during wartime. However, during peacetime, service members rightly expect to balance the time they are committed to deployments and operations with reasonable breaks at home, to rest, refit, train, and spend time with their families. In each service, a smaller total force is being asked today to support a steady and sometimes increasing rate of operational commitments. For example:

- The Department of the Navy's personnel tempo (PERSTEMPO) rule states that sailors and Marines will be deployed away from home no more than 50% of the time. Since 1989, 89 Navy units have surpassed this 50% limit. Carrier battle group personnel have been deployed an average of 56% of the time. Some Marine aviation units have exceeded 60%.
- Since 1988, the total number of Air Force personnel has been cut by 34%, while the number of Air Force personnel engaged in contingencies away from their home bases has quadrupled. In 1989, the Air Force had approximately 4,000 personnel deployed away from their home units; in February 1994, more than 17,000 airmen were so deployed. The retention rate among heavily-committed AWACS radar aircraft crews has recently been as low as 9%.
- Soldiers in the Army's Patriot missile batteries are on their fifth six-month deployment to Southwest Asia since Desert Storm ended in 1991. The demands on Military Police units have also dramatically increased.
- On any given day, 24% to 30% of Marine forces are deployed away from home. Marines serve in these front-line units for two years at a time or longer, and spend almost 50% of this time overseas. In July 1994, the 24th Marine Expeditionary Unit sailed for Haiti only 12 days after returning from a six-month deployment to Somalia and Bosnia.<sup>23</sup>

### b. Military pay is declining.

Since the all-volunteer force competes directly with civilian employees for high-quality people, pay is clearly a major consideration when deciding between a military or civilian career. The quality of military pay can be measured in two ways; against inflation, and against civilian employment. At present, military pay is not keeping up with either. As inflation rose 2.7% in 1994, military pay increased just 2.2%.<sup>24</sup> With inflation projected at 3% in 1995, the administration proposed only a 1.6% pay raise, which would have eroded military pay an additional 1.4%. The *New York Times* quoted this response from Master Chief Petty Officer Mike

<sup>23</sup>See Congressman James M. Talent, "Hollowing Out American Armed Forces," *The Officer*, September 1994, p. 31, and Collins, *op. cit.*, p. 19-20.

<sup>24</sup>Senate Armed Services Committee press release, Fiscal 1994 National Defense Authorization Act, November 5, 1993, p. 2.

Cronin, the senior enlisted sailor on the carrier *U.S.S. Kitty Hawk*: "A 1.6 percent pay raise is an insult, especially with the longer working hours and less time at home."<sup>25</sup>

While Congress ultimately passed a 2.6% increase for FY 1995, this will still fall short by 0.4%. With a 3.2% inflation rate projected for 1996, the administration's planned raises range from 1.5 to 2.2%.<sup>26</sup> Clearly, military pay is not keeping up, and will only slip further as inflation increases, as is estimated, to 3.4% in 1997 and beyond.<sup>27</sup> As a historical reference point, during the "hollow force" years of the 1970s, military pay fell from being roughly even with inflation in 1974 to a 15% gap by 1980.<sup>28</sup> During this period, fewer than one-third of all recruits met the Pentagon's definition of "high quality." In 1981, pay was rapidly brought back into line with inflation; in a single year, the percentage of "quality" recruits rose from 28% to 39%, and rose further to 60% in 1986 as pay continued to keep up with inflation.

Military pay is also not competitive with civilian pay. The gap between military and civilian pay is currently 12%, and will reach 20% by 1998 based on current budget estimates.<sup>29</sup> This disparity has real consequences for some military families. According to a 1992 DOD report, 17,000 service families were receiving food stamps each month in 1992; currently, as many as 56,000 qualify for such assistance. Military stores redeemed \$27.4 million in food stamps in 1993, up \$3 million from 1992.<sup>30</sup>

### c. The domestic economy and job market are improving.

The relative decline in military pay and the increasing military operational tempo are occurring at a time when the outlook for the domestic economy and job market are improving. Since recruit quality peaked in 1992, unemployment has fallen from 7.4% to approximately 5.4%,<sup>31</sup> while the rate of economic growth has increased from 2.3% in 1992 to 4.1% for the first half of 1994. With the improvement in the economy, it is reasonable to expect the relative appeal of civilian employment to increase as military life becomes more difficult and military pay lags further behind civilian compensation.

Most people do not join the military on the basis of a simple cost-benefit analysis. Patriotism and the desire to serve their country probably rank higher--at least in the minds of new recruits--than does initial pay. However, particularly for those individual supporting families, compensation is a very relevant concern. So long as military pay is reasonably comparable with civilian pay, the military can compete with the civilian sector for qualified people even in the best of economic times. In the 1980s, while an economic boom created more than 18 million new jobs, the propensity to enlist and all measures of recruit quality and retention rose dramatically

<sup>25</sup>Eric Schmitt, "Military Making Less Into More, But Some Say Readiness Suffers," *The New York Times*, July 5, 1994, p A11

<sup>26</sup>Neff Hudson and Rick Maze, "Pentagon and White House At Odds On '96 Raise," *Navy Times*, August 8, 1994, p. 4

<sup>27</sup>Congressional Budget Office, "The Economic and Budget Outlook: An Update," August 1994

<sup>28</sup>Talent, *op. cit.*, p. 29

<sup>29</sup>Senator John McCain, *Going Hollow: The Warnings of the Chiefs of Staff (An Update)*, September 1994, p. 8

<sup>30</sup>Hudson and Maze, p. 4

<sup>31</sup>U.S. Labor Department announcement, January 6, 1995

Some of this was undoubtedly due to international circumstances and national attitudes. Nevertheless, the compensation of personnel and the workload placed upon them were clearly more favorable then than they are today.

### CONCLUSION

Today's all-volunteer force is made up of smart, motivated, well-disciplined men and women who willingly commit their lives to America's defense. Because they are capable and bright, they have a variety of career options in the civilian world. To attract and retain them, the military must offer job satisfaction, advancement opportunities, and adequate compensation. We must also assure them that their commitment and sacrifices are valued by the nation.

Today, the "quality of life" for many in the military is declining. Military people are being asked to do more and more around the world with smaller forces and fewer resources. For many this has meant a dramatic increase in the time spent away from home. Inevitably, these increased demands on the servicemembers are keenly felt by their families. Furthermore, reduced funding for military construction and base maintenance has caused living conditions for many of those families to deteriorate, and declining pay and benefits have increased the number eligible for welfare payments. Many service men and women have chosen to take second, off-duty jobs to make ends meet rather than resort to welfare programs. Under these circumstances, it is only natural to wonder if a military career is a wise choice.

We believe that as of the date of this report, there is not yet a crisis in retention as existed in the late 1970s. However, there are many disturbing signs that suggest such a crisis may again be taking shape. The propensity to enlist is declining, recruiting standards are being compromised in order to meet numerical objectives, the gap between military and civilian pay is growing, and the "quality of life" for many is perceived to be declining. We have been down this path before.

National leaders continue to express their support for our troops. But more than rhetoric is required to assure military men and women that the nation appreciates their service and their sacrifices.

## C. AMMUNITION READINESS

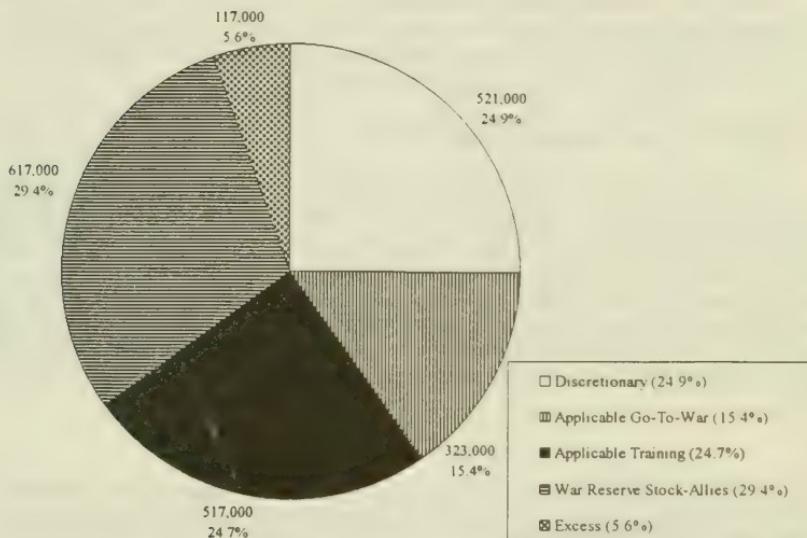
### Introduction

America's ammunition supply faces two related problems. First, since the 1991 Persian Gulf War, there has been a decrease in the total quantity of available ammunition; and within this overall supply, the amount of top-quality ammunition has diminished. As a result, the services are more dependent on ammunition which is older, of lower quality, and which does not allow modern weapons systems to perform at optimum levels. Second, the ammunition industrial base has eroded so dramatically since Desert Storm that it would be exceedingly difficult to correct the existing shortfalls quickly if U.S. forces were committed to even one MRC.

### 1. The Current Ammunition Stockpile

The U.S. ammunition stockpile today consists of over two million tons of ammunition. However, as the chart below indicates, significant portions of the stockpile are old, unreliable, or not readily available.

**Army Ammunition Stockpile (Tons)**



Source: U.S. Army

- **War Reserve Stocks for Allies (WRSA):** This is ammunition is set aside for the use of allies in time of war, primarily in Korea, Europe, and the Persian Gulf. It is not readily available to U.S. forces, and some types are no longer used in current U.S. weapons systems. WRSA ammunition amounts to 617,000 tons, and comprises 29.4% of the total ammunition stockpile.
- **Applicable Training Ammunition:** This is ammunition specifically designed for training, or ammunition so old that it is no longer reliable or safe enough to use in combat. This category amounts to 517,000 tons, and comprises 24.7% of the stockpile.
- **Discretionary Munitions:** Discretionary ammunition is usable in wartime, but is not as capable as modern ammunition. It has less range and lethality, which requires U.S. forces to get closer to the enemy to use it, exposing them to greater risk. It is also aging rapidly. Discretionary munitions amount to 521,000 tons, and comprise 24.9% of the total stockpile.
- **Excess Supplies:** These munitions are programmed for destruction or transfer to other countries. They would not be used by U.S. forces in wartime. Excess munitions amount to 117,000 tons, and comprise 5.6% of the stockpile.
- **Applicable Go-To-War Ammunition:** These are the most modern and capable munitions, characterized by high performance and reliability. They are the munitions commanders prefer in wartime, and amount to 323,000 tons, or 15.4% of the total stockpile.<sup>32</sup>

## 2. Trends

### a. Declining Munitions Spending

While overall defense spending has declined 34% over the past ten years, the procurement of new ammunition has fallen 78% and is expected to decline another 18% over the next ten years.<sup>33</sup> In real terms, ammunition spending has decreased from almost \$6.5 billion in FY 1985 to less than \$1.4 billion in FY 1994 (constant 1994 dollars).<sup>34</sup>

### b. The Eroding Munitions Industrial Base

It is frequently argued that defense shortfalls can be rapidly made up merely by increasing spending when a crisis arises. This is seldom true; it is especially naive in the case of munitions. The munitions industry is labor-intensive, and the skills required to produce ammunition are not readily available in other sectors of the economy. Munitions production involves highly-specialized equipment and processes, so munitions producers have difficulty converting to other types of production. Instead, the prevailing economic incentive is to leave the industry entirely. From 1978 to 1994, the number of privately-owned weapons production facilities declined from 286 to about 88.<sup>35</sup> Government-owned facilities have also declined in number, from 32 in 1978 to

<sup>32</sup>Chart 1 and descriptions are found in The Honorable Jim Courter et al, "U S. Military Ammunition Policy: Reliving the Mistakes of the Past?," The Committee for the Common Defense, Alexis de Tocqueville Institution, June 20, 1994, pp 5-7.

<sup>33</sup>*Strategic Requirements for the U.S. Munitions Industrial Base*, Strategic Assessment Center, Science Applications International Corporation, February 2, 1994, p. 4.

<sup>34</sup>*Munitions Industrial Base Forecast*, Strategic Assessment Center, Science Applications International Corporation, October 21, 1993, p. 30.

<sup>35</sup>Richard G. Palaschak, "A Dying Defense Industry," *The Washington Post*, November 26, 1994, p. 21.

a projected 19 in 1995.<sup>36</sup> The number of employees producing munitions fell from more than 90,000 in 1978 to about 40,000 in 1991, and is expected to reach just 15,000 in 1994.<sup>37</sup>

The plight of the ammunition industrial base was noted in 1992 by the Army Materiel Command, which identified ammunition as the weakest of 13 key defense industrial base sectors. The AMC assessment described the ammunition base as being "in critical condition and getting worse." Eighteen months later, the AMC reiterated this assessment, noting that the other two sectors previously identified as "weak" had improved during that time.<sup>38</sup>

The long-term significance of this eroding industrial base lies in the looming shortfall between munitions requirements and our capacity to produce them--a shortfall that will begin this year and grow through FY 2005. To close the gap, we will have to buy from foreign sources, in some cases for entire categories of munitions. Total Defense Department ammunition contracts awarded to foreign companies rose 54% between FY 1991 and FY 1992 alone, from \$18.5 million to \$28.8 million.<sup>39</sup> Even in Desert Storm, the Pentagon had to lease tank ammunition from Germany because U.S. stocks were insufficient.<sup>40</sup> The risk of relying on foreign countries to provide ammunition is obvious. In the case of 25 mm ammunition used by the Bradley Fighting Vehicle and other systems, the available supply would have been exhausted had the ground war as long as originally expected. Today, according to one recent analysis, more than a year would be required for the munitions industrial base to produce enough 25 mm ammunition to meet the requirements of just one MRC.<sup>41</sup>

### c. Strategic Significance

U.S. military strategy is currently based on the requirement to fight two nearly-simultaneous MRCs. The current U.S. ammunition supply cannot support the two-MRC strategy. The most frequently cited model for an MRC is the 1991 Persian Gulf War. At the time of that conflict, the Department of Defense estimated that U.S. forces would require approximately 450,000 tons of high-quality ammunition to fight successfully, using weapons at their optimum capability.<sup>42</sup> As stated above, only about 15% of total U.S. ammunition stocks are of top quality. The 323,000 tons of ammunition in this category is less than the U.S. sent to the Persian Gulf in 1991. When "discretionary" ammunition is added, this total rises to about 40% of the ammunition stockpile. However, discretionary ammunition, as noted, is less reliable and poses more risks to U.S. troops. As this ammunition ages, much of it will slip into the unusable Applicable Training and Excess categories.

<sup>36</sup>Courter et al., *op. cit.*, pp. 2-4.

<sup>37</sup>*Munitions Industrial Base Forecast*, pp. 22-25.

<sup>38</sup>Cited by Toby G. Warson, remarks before the 1994 Munitions Executive Summit, American Defense Preparedness Association, McLean, VA, February 24, 1994.

<sup>39</sup>*Strategic Requirements for the U.S. Munitions Industrial Base*, *op. cit.*, p. 32.

<sup>40</sup>Warson, February 24, 1994, *op. cit.*

<sup>41</sup>*Munitions Industrial Base Forecast*, p. 17.

<sup>42</sup>Cited by Representative James Talent, statement to the U.S. House of Representatives, February 9, 1994 (Congressional Record, 103d Congress, Second Session, Vol. 140, No. 12.)

In addition to the current shortfall, it would be extremely difficult for the munitions industrial base to boost production of preferred "go-to-war" ammunition within a reasonable period of time if a conflict were to begin tomorrow. According to a recent analysis, it would take more than 12 months to provide the required quantities of 11 of 18 key ammunition types, and 6 to 12 months to provide four others. Only three types could be provided in three to six months.<sup>43</sup> And this is for only one MRC; to meet the two-MRC requirement would present a far greater problem.

#### d. **Tactical Significance**

To U.S. forces in the field, the impact of this decline in munitions readiness may be dramatic. Those forces may be forced to rely on less capable ammunition, rendering them less effective and exposing them to greater risk by requiring them to close to shorter ranges with the enemy. In Desert Storm, for example, superior U.S. tank ammunition enabled our M-1 tanks to engage Iraqi tanks from outside the range of the Iraqi's Soviet-built T-72 tanks; the quantity of that ammunition has since declined. Engagement at closer ranges necessarily means greater risk to our forces.

### **CONCLUSION**

Shortages in the stocks of preferred "go to war" munitions represent a significant deficiency in our readiness posture. U.S. forces that go to war tomorrow will have to rely on ammunition that is, on average, less reliable, less accurate, and less lethal than that available in Desert Storm. Furthermore, the ammunition industrial base has been reduced so much since the Gulf War that it cannot reasonably be expected to remedy this situation on short notice.

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<sup>43</sup>Munitions Industrial Base Task Force, *United States Conventional Munitions Assessment with Recommendations*, June 27, 1994, p. IV-3

## D. STRATEGIC LIFT

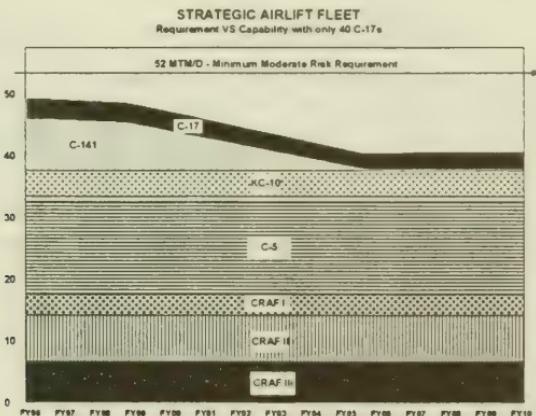
With the reduction of forward-basing of U.S. forces, strategic lift has acquired significantly increased importance for war planners. Airlift and sealift programs have historically been eclipsed in budget debates by their more glamorous counterparts--fighters, bombers, and combat ships--but may, in the post-Cold War threat environment, contribute more to the swift resolution of a crisis than could any of the "shooters". A credible force, swiftly deployed--as was demonstrated in the October 1994 return to the Persian Gulf--can provide a powerful inducement to a peaceful resolution rather than war.

Pre-positioning of equipment close to likely areas of conflict, both ashore and afloat, is an integral element of strategic lift. Such pre-positioning can substantially reduce the requirement for effective strategic air and sealift, but cannot replace it.

Our requirements for strategic lift are established in the Defense Planning Guidance. Presumably, with the implementation of the current national security strategy, that guidance calls for the ability to support the BUR objective of two "nearly simultaneous" MRCs.

### 1. Strategic Airlift

The currently stated weight requirement for strategic airlift is 57 million ton-miles-per-day (MTM/D). Our capability is currently about 51 MTM/D. About 30 MTM/D of this capability derives from Air Force C-141s, C-5s, C-17s, and KC-10s; the remaining 19 MTM/D comes from CRAF (Commercial Reserve Airlift Fleet) aircraft. This capacity is sufficient to support one MRC, but not two, if the two MRCs occur within 45 days of each other. It is estimated that one MRC will require 85% of our strategic airlift for a period of approximately 45 days. The second MRC could not be properly addressed--from the airlift perspective--until some time after that initial 45 day period.



Source: Air Mobility Command

Exacerbating the deficiency in overall airlift capacity, is the fact that our existing airlift fleet is aging rapidly and in need of modernization. The C-141 fleet, which currently provides approximately one-fourth of our military airlift capacity, is scheduled to be fully retired in about a decade. The additional demands of unscheduled operations such as Somalia, Rwanda, and Haiti result in higher than programmed utilization rates which accelerate the aging of the fleet. The current procurement rate of the only new airlifter, the C-17, is insufficient to replace the capacity that will be lost to retirements. We are, very simply, using up our strategic airlift assets faster than we are replacing them. Civilian wide-body aircraft cannot meet the operational requirements for throughput, delivery of outsized equipment, and short field operations.

The CRAF program was implemented in the 1980s to supplement military airlift capacity. These civilian aircraft can provide some but not all of the airlift needs of the military, especially in underdeveloped areas of the world where airlift must be accomplished using short or unimproved airstrips. Several CRAF operators supported deployments to the Persian Gulf, but reportedly, many found it difficult to reenter the commercial market following the completion of their war lift obligations. As a consequence, it may be difficult and more expensive to achieve the full additional complement required for future contingencies.

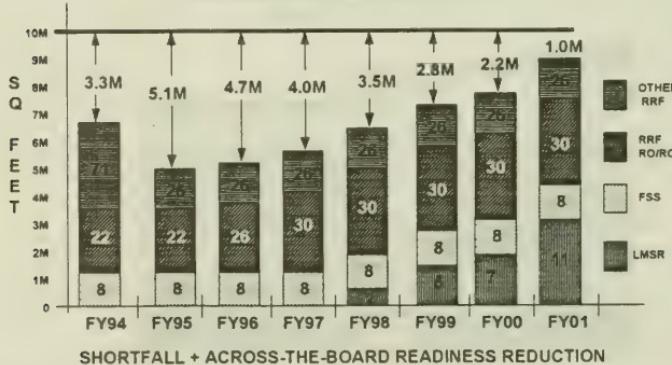
## **2. Strategic Sealift**

To support U.S. forces in overseas combat, 90-95% of all equipment must be transported by sea. The stated requirement for one MRC is a single sailing surge capacity of 10 million square feet (10 MSF) delivered in 30 days to any theater. Our current organic (DOD controlled) capacity is 6.7 MSF--approximately two-thirds of the lift required for a single MRC. This capacity is made up of vessels from the Ready Reserve Fleet (RRF), military Roll-On/Roll-Off (RO-RO) vessels, and Fast Sealift Ships (FSS).

### **SEALIFT**

FY 1995

- \$150M for Q&M in FY95 and in outyears (FY95 S's)
- Purchase 1 RO/RO in FY96 (\$43M) - none in the outyears
- Interim Prepo RO/RO's (7) return FY96 - FY97



Source: U.S. Transportation Command

The current FYDP envisions the procurement of additional RO-ROs, and 11 LMSRs (Large Medium Speed RO-ROs) between now and the end of the century. If all of the planned acquisitions are made, our lift capacity will still be about 1.0 MSF short of the requirement to support *one* MRC.

To overcome the shortfall between requirements and existing capacity the military must rely on chartered, leased, and other available commercial vessels. During Desert Shield/Desert Storm, for example, of the 3,438,147 short tons of dry cargo delivered to the Gulf (as of 4/15/91) only 38% was carried in government-owned or long-term government chartered vessels. Commercial U.S.-flagged vessels carried 42% and foreign-flagged vessels carried the other 20%.

We believe it is fiscally impractical for the U.S. to procure and maintain *all* of the sealift assets necessary to support a two-MRC strategy. Greater reliance should be placed on the U.S.-flagged commercial fleet. But we note with great concern that while the Pentagon pursues a strategy for procuring certain unique vessels required for the surge phase of an engagement (e.g., RO-ROs to move tanks and other heavy equipment) virtually *nothing* is being done to retain the U.S. commercial fleet.<sup>44</sup> That commercial fleet, we are informed, is capable of carrying approximately 70% of the surge cargo and virtually 100% of sustainment cargoes. The vessels that remain in the U.S. ocean-going container fleet (approximately 120) are sufficient to meet most of the demands of the two-MRC scenario. But that fleet is rapidly disappearing as the companies that operate those vessels in foreign commerce seek reflagging under foreign flags (for economic reasons) and have chosen to flag *all* of their new vessels serving foreign commerce under foreign flags as well. With the loss of these vessels under the U.S. flag, we will also lose the crews that man them--crews that are an essential resource for manning the RRF. We are witnessing the disappearance of a *vital* national security asset and are doing nothing to prevent it. If some action is not taken, we will soon find ourselves in a posture in which we must rely on foreign-flagged vessels, operated by foreign crews to support U.S. forces engaged in overseas conflicts.

### RECOMMENDATION

We believe that insufficient strategic lift is one of the most serious deficiencies limiting our ability to implement the national security strategy. We are advised that the recently completed Bottom-Up Review Update (BURU) has reaffirmed--and in some instances increased--the previously stated requirements for strategic lift. We encourage the Congress to pay special attention to these requirements and the programs designed to meet them. The Congress should pay particular attention to the potential contribution of the *commercial* airlift and sealift fleets. Just as the CRAF program was created to cover the shortfall in our strategic airlift capacity, a similar program should be established to ensure we retain the sealift capacity necessary to deploy and support our forces overseas.

In the absence of such Congressional interest, the Pentagon will be inclined to continue to favor the more glamorous "shooters" over the more mundane airlifters and sealifters.

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<sup>44</sup>The current and previous administrations have proposed legislation that would halt the decline of the U S -flagged commercial fleet, but to date, no meaningful legislation has been enacted. We are advised that the cost of a sealift program, similar to the airlift CRAF program, would be in the range of \$75-\$100 million per year

## E. BALLISTIC MISSILE DEFENSES

*In the past, a warring country typically had first to contend with the military establishment of its opponent before it could threaten or reliably execute devastating strikes deep into an opponent's rear areas. In the emerging strategic environment, the combination of missiles and WMD [weapons of mass destruction] increasingly will enable regional foes to threaten or to annihilate with high confidence an opponent's military or civilian targets at the outset of hostilities.<sup>45</sup>*

Dr. Keith B. Payne, President, National Institute for Public Policy

One of the most serious deficiencies in our readiness posture today is the absence of an effective defense against weapons of mass destruction (chemical, biological, nuclear or radiological) delivered by ballistic missiles. Such weapons are rapidly proliferating around the world. According to testimony by CIA Director James Woolsey on 24 February 1993 before the Senate Governmental Affairs Committee: "More than 25 countries, many of them hostile to the United States and our allies, may have or may be developing nuclear, biological and chemical weapons--the so-called weapons of mass destruction--and the means to deliver them."

Of immediate concern are the shorter-range missiles already in the hands of rogue states such as North Korea, Iraq, Iran, Syria and Libya that are capable of executing, with little or no warning, attacks against America's forward-deployed forces and our allies. Exacerbating the problem is the fact that most of these countries also have WMD (chemical, nuclear, or biological) programs.<sup>46</sup> Our current ability to defend against these weapons is limited at best.

For the longer range threat, the technology necessary to expand missile ranges and payloads is well within the reach of several missile-producing countries, including North Korea. Rogue states, incapable of indigenous production, such as Libya and Iran, are eagerly seeking to purchase longer range missiles on the international market. It is only a matter of time before derivatives of current weapons have the ability to threaten all of western Europe, Japan, and eventually the continental United States. The following is a partial list<sup>47</sup> of ballistic missiles which could pose a threat to U.S. forces and our allies:

<sup>45</sup>Dr. Keith B. Payne, forthcoming in, "Ballistic Missile Proliferation," *Jane's Intelligence Yearbook 1994/1995 The World in Conflict*, (January 1995), p. 20.

<sup>46</sup>See *Ballistic Missile Proliferation: An Emerging Threat* (Arlington, VA; System Planning Corporation, 1992), pp. 7-10.

<sup>47</sup>Payne, *Ballistic Missile Proliferation*, pp. 5-11.

<u>Country of Origin</u>	<u>Missile</u>	<u>Range (Km)</u>	<u>Countries Possessing Missiles</u>
Soviet Union	SCUD-B	280	N. Korea, Libya, Yemen Afghanistan, Egypt, Syria, Iraq, Iran <sup>48</sup> Syria
Soviet Union	SS-21	120	
North Korea	SCUD-C	550	N. Korea, Iran, Syria
	Nodong-1	1000-1300	N. Korea (deployable in 1996)
	Taepodong-1	2000	N. Korea (deployable in 1996)
	Taepodong-2	3500-9600	N. Korea (deployable in 2000) <sup>49</sup>
Iraq	Al Hussein <sup>50</sup>	600	Iraq
	Al Hijarah	600	Iraq
	Al Abbas	900	Iraq
Pakistan	Hatf-1	80-100	Pakistan
India	Agni	1500-2500	India (prototype)
	Prithvi	150-250	India
China	CSS-2	3000	China, Saudi Arabia
	M-9	600	China (possibly Pakistan, Iran)
	M-11	300	China (possibly Pakistan, Iran)

### Assured Vulnerability

The American public needs to understand that we currently have no capability to defend the continental U.S. against such weapons. Pursuant to the 1972 Anti-Ballistic Missile (ABM) Treaty, the United States has refrained from fielding any form of missile defense system.

Against the shorter range missiles, the Patriot air defense system provides a limited intercept capability. If, however, Iraqi, Iranian or North Korean Scud missiles were used to deliver weapons of mass destruction, a low altitude intercept may have the unintended effect of dispersing chemical, biological or radioactive substances over the very area it is defending.

<sup>48</sup>See comprehensive listing in *The Nonproliferation Review*, Vol 1, No. 3 (Spring-Summer 1994), pp 84-87; and Humphry Crum Ewing, Robin Ranger, and David Bosdet, *Ballistic Missiles: the Approaching Threat*, Bailrigg Memorandum No. 9, Centre for Defence and International Security Studies, Lancaster University, U.K., 1994.

<sup>49</sup>Barbara Starr, "North Korean Missile R&D Gains New Pace," *Jane's Defence Weekly*, June 25, 1994, p 10 As cited in Payne, *Ballistic Missile Proliferation*, p. 11.

<sup>50</sup>Al Hussein is a modified Scud-B.

It is essential that the United States develop a more robust capability to defend our forces against such weapons which, as we learned in Desert Storm, are exceedingly difficult to locate and destroy before they are launched.<sup>51</sup> Furthermore, serious consideration should be given to providing protection for the continental United States, at the very least, against a limited missile attack. As the availability of longer range weapons increases, the absence of such a defensive system will only encourage potential adversaries to seek their own offensive strike capability. Conversely, the existence of an effective missile defense system would likely discourage such pursuits.

There are several promising technologies, developed in recent years which are capable of relatively swift deployment. We decline here to make any recommendations on which should be favored. However, we do note with concern that in just the last few years, the overall budget for anti-missile defenses has been reduced by over 60 percent, and the budget for defense of the continental U.S. has been reduced 80-90%. Unless corrected, the combined effect of such inadequate investment and the constraints imposed by treaty obligations will be to condemn the United States, our deployed forces, and allies to a posture of permanent vulnerability to lethal missile strikes.

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<sup>51</sup>During the Gulf War, offensive air strikes and special forces destroyed at most "a handful" of Iraqi mobile Scuds. Source: *Gulf War Air Power Survey*, Vol. II, Part II, *Effects and Effectiveness* (Washington, DC: USGPO, 1993), p. 340.

## VI. MID-TERM READINESS--Modernization

*Modernization is tomorrow's readiness*

General John M. Shalikashvili, Congressional testimony, March 8, 1994

We have identified the "mid-term" for measuring readiness as the period 3 to 10 years in the future. The principal area of concern for this period is force modernization--the process through which older systems are replaced with newer, more reliable, and usually more capable equipment. Modernization also includes equipment upgrades achieved by modifying existing systems. Essentially all modernization is accomplished through the Procurement accounts which fund the acquisition of everything from nuclear aircraft carriers to dump trucks and hand grenades. The Procurement accounts fund all the aircraft, ships, tanks, missiles, communications gear, ammunition, support vehicles, and spare parts necessary to equip the forces.

The Procurement accounts, together with R&D funding, constitute the "investment" accounts. Through these accounts we invest in the future capability and future readiness of our forces. This investment underwrites the technological superiority of American forces and is vital to ensuring the military's ability to meet the challenges of an uncertain future. We agree with General Shalikashvili, Chairman of the Joint Chiefs of Staff, that "modernization is tomorrow's readiness."

Ideally, the pace of modernization should be steady over time, allowing the services to replace aging equipment gradually while constantly maintaining, or improving, their warfighting capabilities. Significant disruptions in the pace of modernization can seriously impair combat capability by forcing reliance on older, less capable systems, thereby increasing maintenance costs and down time, and leaving the forces with weapons inventories insufficient to accomplish their missions. Modifications to existing equipment can help extend service life, but eventually hardware wears out and must be replaced.

A sustained period in which procurement is severely curtailed--as is the case today--imperils future readiness and threatens the viability of the industrial base upon which the military depends for modernization. That industrial base erodes rapidly in the absence of production activity. Furthermore, wholesale deferment of modernization creates a "bow wave" of future procurement requirements which postpones to later years--and increases the cost--of that modernization. Eventually the bill comes due. The major funding increases of the early-to-mid 1980s were to a great extent made necessary by the underfunding of procurement throughout the 1970s. Underfunding procurement in the 1990s will inevitably require similar funding distortions

### Future Readiness is Being Sacrificed for Near-Term Readiness

The current administration has made clear that maintaining near-term readiness is their highest priority for the defense budget. The Secretary of Defense testified to the Congress that:

*"The services were told that readiness is the first priority and that all other guidance could be traded-off if they needed to program funds for improved readiness."*

Secretary of Defense William J. Perry, March 1, 1994, testimony before the Defense Subcommittee of the Senate Appropriations Committee.

The services have followed this guidance. In a letter addressed to the Chairmen and Ranking Members of the House and Senate Armed Services Committees, Army Chief of Staff General Gordon Sullivan stated:

*"The 1995 budget required a sizable transfer from investment accounts into operating accounts and, as a result, less modernization of our forces. I can assure you that I would never have approved this transfer if I didn't feel it was absolutely vital to the readiness of the U.S. Army."* [Emphasis added]

General Gordon R. Sullivan, letter dated June 3, 1994, to Congressman Floyd Spence (S.C.)

Each of the other services has made similar sacrifices in their modernization programs. Each is sacrificing investment in future readiness for the sake of current readiness, and the consequences are inescapable--we are rapidly setting the stage for a return to the hollow military.

The Deputy Secretary of Defense appeared to acknowledge the risk to our future capability when he announced the possible delays of several new weapons programs and said:

*"In sum, the message is, 'Money is tight and we are choosing people over systems'... [We] are choosing quality of life of the troops, in contrast to provisions for the future."* [Emphasis added]

Deputy Secretary of Defense, John M. Deutch, quoted in *The Washington Post*, August 24, 1994.

### Modernization is Essential to Maintain Capability

As each service reduces force structure, the importance of force modernization increases. Smaller forces can still accomplish their missions but only if their capabilities are continually enhanced through modernization. Without that modernization, smaller forces are simply that--smaller forces--not more capable forces. General Shalikashvili made this point clearly before the Defense Subcommittee of the Senate Appropriations Committee:

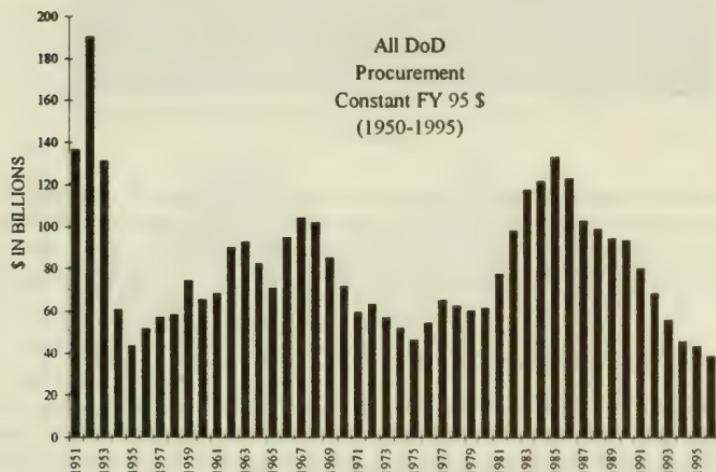
*"For those who think we are cutting too much, I want to emphasize up front two of the principal corollaries of our thinking. The structure is adequate only if, we stick with two linchpins: we must improve our capabilities, and we must improve and maintain our readiness."* [Emphasis original]

*The first of these linchpins is based on simple logic. We can reduce our structure to the size and mix we are recommending, but only if in growing down, we improve by adding the capabilities required in our plans. . . . Our forces must grow in capability even as they become smaller."*

General Shalivashvili, March 8, 1994 testimony before the Defense Subcommittee of the Senate Appropriations Committee.

Despite this rhetorical support, modernization has come to a virtual standstill with procurement spending (in budget authority, constant dollars) and procurement rates at their lowest levels in 45 years. The forces are "growing down" but very little is being added to improve their capabilities. In fact, the combination of truncated procurement and inadequate funding for equipment maintenance is producing a force that is both smaller and less capable than it was just four years ago.

The following chart shows that the total of all DOD procurement funding, measured in constant FY 1995 dollars, is lower in FY 1996 (\$39.4 billion) than the lowest level reached in the mid-1970s (\$46.7 billion) and lower than the 1955 level of \$43.6 billion:



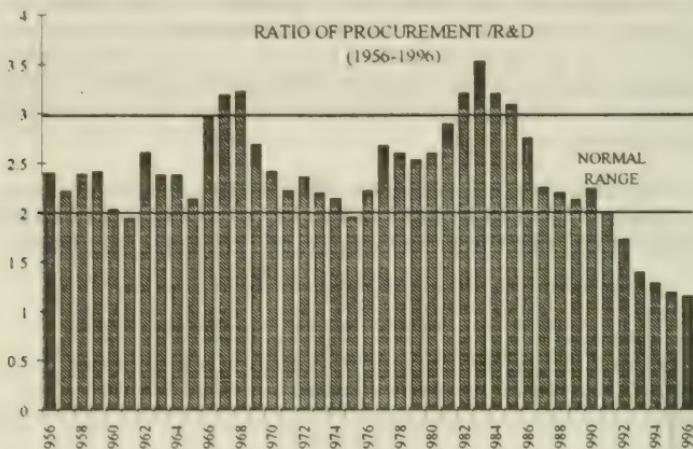
Source: "National Defense Budget Estimates for FY 1996", Department of Defense

The combined DOD procurement accounts, which peaked in FY 1985 and have declined every year since, are today 67.4% below their FY 1985 high. No other budget account has been cut as severely. In the United States today, more money is spent each year to purchase beer (\$48.8 billion in 1993) than to equip the military<sup>1</sup>.

<sup>1</sup> Source: The Beer Institute, as reported in U.S. News and World Report, October 3, 1994.

### Comparing the Ratios of Procurement to R&D Spending

Another indication of the precipitous decline in the procurement accounts may be found in the historic ratios of procurement to R&D funding. This ratio compares the annual total of the procurement accounts with the annual total of R&D spending. Historically, the normal range for this ratio has been between 2:1 and 3:1 with increases during periods of armed conflict. This ratio also exceeded its normal upper level (3:1) during the build-up of the early 1980s.



While there is no requirement that this ratio attain any particular value, four decades of balancing these two accounts while addressing both immediate and future requirements have consistently produced results in the range of 2:1 to 3:1. At the FY 1996 value of 1.15:1, this ratio will reach its lowest level in the history of DOD recordkeeping.

### The Consequences of Underfunding Procurement

In the simplest terms, underfunding procurement results in deferred modernization, which in turn undermines *future* readiness. Without sufficient procurement funding, the services cannot buy the aircraft, tanks, missiles, ships, ammunition, and other equipment necessary to perform their missions. Postponing modernization forces reliance on older systems, adds to the cost of maintenance, and degrades combat capability. Eventually, the failure to modernize will erode the technological advantage that America has traditionally sought to provide its military.

In addition, failure to modernize ultimately leads to entire weapon system inventories reaching the end of their design service lives. As such systems approach "block obsolescence", the choice must be made between extending that system in service or funding a replacement. Some systems gain new life through service life extension programs (SLEP), but for others,

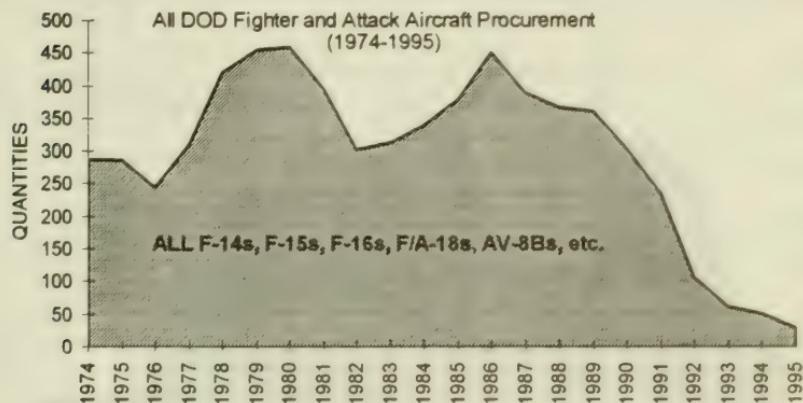
replacement is the only practical solution. In the 1970s, as many weapon systems faced block obsolescence, the failure to properly fund force modernization contributed to the hollowing of our military. In the 1990s, the underfunding of modernization is even more severe and, if not reversed soon, will unavoidably contribute to a new hollow military in the future.

By concentrating resources on near-term readiness at the expense of modernization, the current administration has chosen an approach long on consumption but short on investment. If, as General Shalikashvili says, "modernization is tomorrow's readiness," then the future readiness of our forces is being placed at risk. We are, to a very real extent, sacrificing future readiness simply to sustain near-term operations.

To illustrate our point that procurement has declined to unprecedented levels, we offer the following four examples. We have chosen four of the most relevant warfighting equipment categories: fighter/attack aircraft, tanks and other combat vehicles, missiles, and ships. These categories represent major "end items" essential to the combat capability of the forces.

#### A. FIGHTER/ATTACK AIRCRAFT PROCUREMENT

The following chart displays the procurement of all fixed-wing fighter and attack aircraft procured by the Air Force, Navy, and Marines from 1974-1995:



Source: "Total Quantities and Unit Procurement Cost Tables 1974-1995" Congressional Budget Office

In FY 1980, at a time when the forces were deemed to be "hollow", the Air Force, Navy, and Marine Corps together procured 458 tactical fighter and attack aircraft. In FY 1996, the U.S. will procure just 12 new fighters (F/A-18s) for the Navy, and four remanufactured AV-8Bs for the Marine Corps. The Air Force *will not procure a single fighter* in FY 1995 or FY 1996.

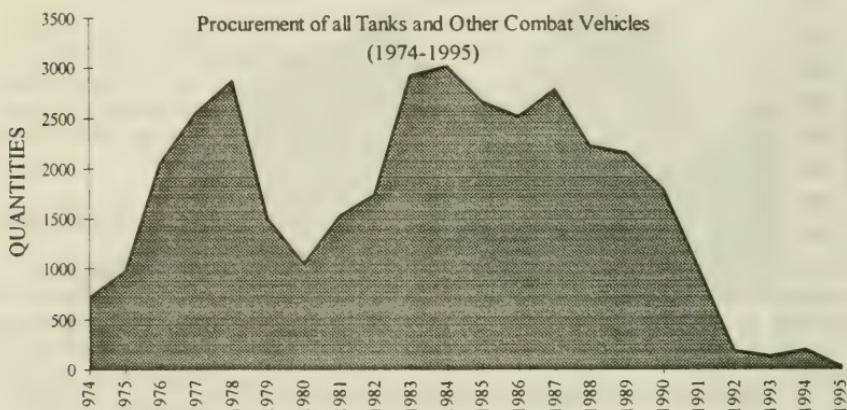
The following table displays the actual procurement levels for all fighter and attack aircraft procured in the fiscal years 1980, 1985, 1990, and 1995 (budgeted):

<u>AIRCRAFT</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>
A-6E-F	6	6	0	0
EA-6B	6	6	0	0
AV-8B	0	32	24	4
F-14A/D	30	24	24	0
F/A-18	25	84	66	24
A-7D/K	12	0	0	0
A-10A/B-F	144	0	0	0
F-15A/B/C/D/E	60	42	36	0
F-16A/B/C/D	<u>175</u>	<u>150</u>	<u>150</u>	<u>0</u>
<b>TOTAL</b>	<b>458</b>	<b>344</b>	<b>300</b>	<b>28</b>

Source: "Total Quantities and Unit Procurement Cost Tables 1974-1995," Congressional Budget Office

## B. TANKS AND OTHER COMBAT VEHICLES

The following chart depicts the procurement of main battle tanks, armored personnel carriers, and all other heavy and light combat vehicles for the Army and Marine Corps from 1974-1995:



Source: "Total Quantities and Unit Procurement Cost Tables 1974-1995," Congressional Budget Office

In FY 1980, the procurement of tanks and other combat vehicles reached its lowest level of the hollow force years, yet we still procured that year more than 1,000 tanks, infantry fighting

vehicles, and other combat vehicles for the Army and Marine Corps. In FY 1992, the total fell to just 177, and in FY 1995 the total will be just 34. In fact, the FY 1995 program will not buy a single new tank or combat vehicle for the Army or Marine Corps, it will fund only the modification of 34 existing M1A1 Abrams tanks to the M1A2 configuration.

No new procurement of tanks or fighting vehicles is planned for the Army or Marine Corps. Nor are there follow-on systems planned for either the M1A2 Abrams tank or the M2/M3 Bradley Fighting Vehicle.

The following table provides the procurement history, at five-year intervals, for all tanks and other combat vehicle procurement:

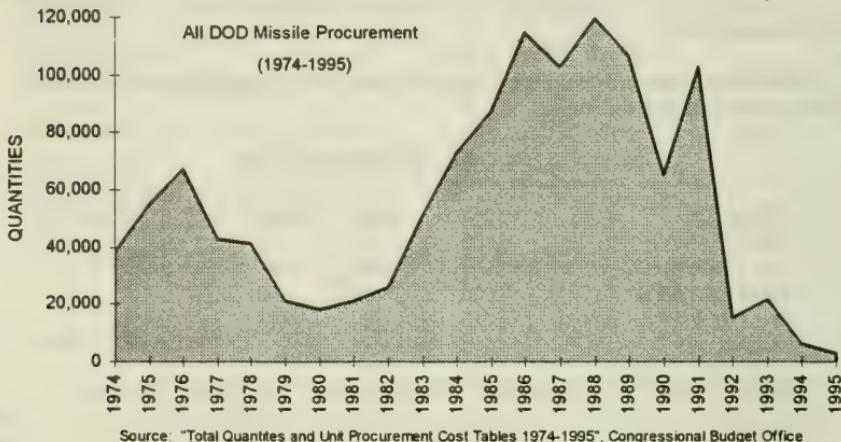
(No. of Vehicles Procured)

<u>VEHICLE</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>
M-60 (ARMY)	106	0	0	0
M-1 (ARMY)	309	840	481	0
BRADLEY FVS	100	655	600	0
M-1 (MC)	0	0	155	0
M-1A2	0	0	0	34
M113APC (ARMY)	0	35	0	0
M577A1/2	0	163	0	0
M548	260	0	0	0
M728	56	0	0	0
LAV-25 (MC)	0	292	0	0
M88A1 (MC)	0	5	0	0
BUSHMASTER 25MM	0	0	560	0
M109A2	96	70	0	0
M125A1 81MM	52	0	0	0
FAASV	0	170	0	0
M8841 (ARMY)	67	180	0	0
LVT7A1 (MC)	0	4	0	0
LVT7A1 SLEP (MC)	0	240	0	0
<b>TOTAL</b>	<b>1,046</b>	<b>2,649</b>	<b>1,796</b>	<b>34</b>

Source: "Total Quantities and Unit Procurement Cost Tables 1974-1995." Congressional Budget Office

### C. MISSILES

The following chart depicts the procurement of tactical and strategic missiles (including all air-air, air-surface, surface-air, surface-surface missiles, ICBMs, SLBMs, etc.) for all of the services from 1974-1995:

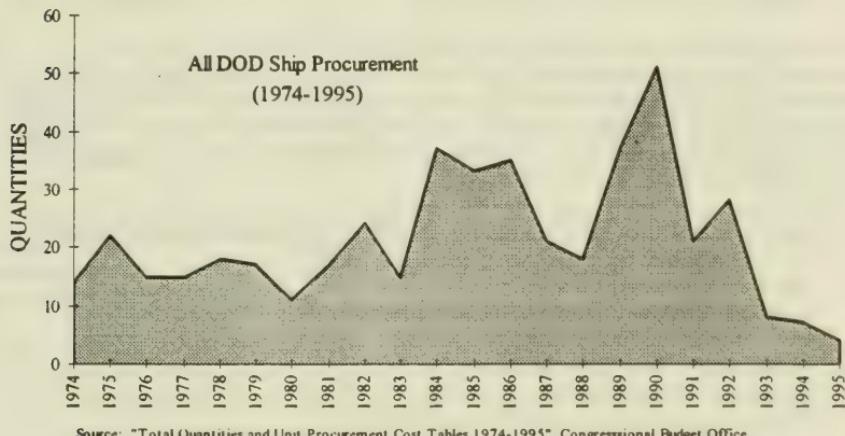


Source: "Total Quantities and Unit Procurement Cost Tables 1974-1995", Congressional Budget Office

Many of the weapons expended in the Persian Gulf War were precision guided munitions (PGMs) such as Tomahawk, GBU-15, GBU-27, Laser Guided Bombs, Maverick, and Hellfire. Following the war, an FY 1991 supplemental appropriation provided \$2.9 billion of the \$6.4 billion requested by the Pentagon for weapons modifications and the replenishment of missiles, bombs, and ammunition expended during the war. As the chart above indicates, the procurement of missiles has declined sharply since 1991. Failure to continue at least modest production rates of these weapons will result in the aging of existing inventories, the shutdown of production lines, and further erosion of a crucial element of our industrial base.

## D. SHIPS

The next chart depicts the procurement of all new ships for the Navy (including major warships, submarines, other warships, auxiliaries, and landing craft) from 1974-1995:



Source: "Total Quantities and Unit Procurement Cost Tables 1974-1995", Congressional Budget Office

In FY 1995, the Navy will procure just four new ships--the lowest procurement level since the end of WWII. Next year, in FY 1996, new ship procurement will decline further to just three new vessels. At these rates, averaging just three and a half new ships per year, it will take over one hundred years to replace the existing fleet, with the average life expectancy of a ship at 30-35 years.

### Failure to Modernize Results in an Aging Force

The inventory of every weapon system (e.g., F-16s, LAVs, DDG-51s, M1A1s) has a determinable average age which is generally a good indicator of the effectiveness and reliability of that particular system. The normal rule is obvious: the older the system, the lower the reliability and effectiveness. Also, older systems tend to require more maintenance than do newer systems, and are more likely to have operating limitations imposed as a function of equipment age. As stated earlier, a steady rate of modernization allows older equipment to be retired as it is replaced by new procurement. But when modernization slows or ceases altogether, older systems must be retained thereby increasing the average age of the remaining inventory. When inventory quantities remain constant and no new systems are added, the inventory ages at a rate of one year for each year that elapses.

Under the current downsizing plan, the growth in the average age of various equipment inventories has been slowed by retiring the oldest items first. This technique is effective for those systems with a broad age spectrum (retire the old, keep the new) but it does little to solve the problems of systems for which there has been no new procurement in recent years. For those older systems, the disposal of a few of the oldest units has little impact on the inventory's average age--it remains an old system in need of replacement.

A useful example is the Marine Corps CH-46 medium lift helicopter. The current inventory of CH-46s averages 28 years. Since no new CH-46s are being procured, and its replacement, the V-22 has been deferred, the average age of the CH-46s will continue to increase one year each year. In five years the average age of the CH-46s will be 33 years, in 10 years it will be 43. As such equipment ages, it invariably incurs operating limitations. In the case of the CH-46, the following limits have been imposed:

- A maximum of eight troops on board until dynamic components upgrade is completed (design capacity is 15-20 combat loaded Marines)
- No evasive maneuver training allowed.
- 22,000 lb gross weight limit vice 24,300 lb design load.
- Avoid operation above 110 kts.
- Avoid angle of bank above 30 degrees.
- Avoid high altitude operation.
- 10 hour inspection required on dynamic components.

Such restrictions, based on valid safety concerns resulting from the advancing age of the aircraft, limit training effectiveness and impair combat performance.

The CH-46 is not unique. Many other major weapons systems are approaching average ages that will exceed their design life, rendering them increasingly difficult, expensive, and in some instances hazardous, to operate and maintain. The following table illustrates the growing problem of aging inventories:

Average Age (Years)<sup>2</sup>

	FY94	FY99	FY11	<u>Comments/Assumptions</u>
<u>Army</u>				
Tanks	6	11	23	No follow-on to M1
Bradley Fighting Vehicle	7	11	23	No follow-on to M2/M3
Recon/Attack Helicopter	18	22	34	No Comanche procurement
2 1/2 Ton Truck	24	28	35	Econ useful life: 20 yrs
M109 Howitzer	23	28	40	Econ useful life: 20 yrs

<sup>2</sup> The average ages presented here assume the execution of the procurement plan in the FY 1995 FYDP. Any reductions in that plan will only add to the aging of the affected systems.

Navy/Marine Corps

Fighter/Attack Aircraft	10	10	14	<i>If F/A-18 E/F proceeds</i>
P-3 ASW Aircraft	18	22	34	No follow-on to P-3
USMC Medium Lift Helos	28	31	24	<i>If V-22 Osprey proceeds</i>
Attack Submarines	14	11	17	<i>If SSN-21 proceeds</i>
Surface Combatants	10	13	17	<i>If DDG-51 continues</i>

Air Force

Fighter/Attack Aircraft	11	14	24	<i>If F-22 proceeds</i>
Airlift Aircraft	23	27	35	<i>If C-17 proceeds</i>
Bombers	22	25	37	No new procurement
T-38 Training Aircraft	26	31	43	No follow-on to T-38

Note carefully that the inventory ages projected above for FY 2011 represent a *best case* scenario based on the FY 1996 budget request. To prevent the FY 2011 average ages from growing even larger, all of the following programs must proceed on their current development/procurement schedules:

- Advanced Field Artillery System (AFAS) to replace M109 Howitzer
- F/A-18 E/F to replace F-14s and F/A-18 A/Bs
- V-22 Osprey to replace CH-46 medium lift helicopter
- SSN-21 procurement continues as planned
- DDG-51 procurement continues as planned
- F-22 to replace F-15 fighters
- C-17 to replace C-5 and C-141 airlifters
- Future Medium Tactical Vehicle (FMTV)

Even if these programs proceed on schedule, the average age of every category of equipment in the chart above--except one--will increase dramatically between FY 1999 and FY 2011. The only category that shows improvement is the Marine Corps medium lift helicopter inventory with the procurement of the V-22 Osprey.

Of the nine modernization programs identified above, several appear headed for termination or a lengthy deferral (see below). In our opinion, this amounts to a further abandonment of the essential modernization of our forces and places squarely at risk the future readiness of the military. By following such a course, we will condemn future military personnel to operating equipment which is unreliable, extremely costly to maintain, potentially unsafe, and operationally limited by virtue of its age.

**DEPSECDEF Memo Signals No Hope for Improvement**

While the Secretary of Defense testified to the Congress that the current Defense FYDP will "implement the Bottom-Up Review force structure" and will "continue investment in next generation weapon systems,"<sup>3</sup> an internal DOD memorandum from the Deputy Secretary of Defense to the Defense Resources Board, dated 18 August 1994, reflected an entirely different reality. That memorandum directed the services to develop proposals that would terminate, or postpone for several years the procurement of many of their highest priority modernization programs:

**For the Army**

- Terminate the Comanche helicopter program
- Terminate the Advanced Field Artillery System

**For the Air Force**

- Delay procurement of the F-22 fighter up to four years
- Delay by seven years the introduction of the new jet trainer (JPATS)
- Terminate the Tri-Service Standoff Attack Missile (TSSAM)

**For the Navy/Marine Corps**

- Delay procurement of the New Attack Submarine
- Further reduce the procurement rate of DDG-51 Destroyers
- Terminate the Marine Corps V-22 Osprey program
- Terminate the Marine Corps Advanced Amphibious Assault Vehicle (AAAV) program.

The services were directed to develop these proposals for one simple reason: planned reductions in the defense budget would not allow these programs to proceed while giving priority to the Personnel and O&M accounts.

**SECDEF Announcement Confirms More Cuts in Modernization**

December 9, 1994, The Secretary of Defense announced the following program decisions:

- Elimination of Comanche helicopter production (Army will proceed with two prototypes but there will be no production)
- Cancellation of Air Force TSSAM
- Reduction of \$200 million in Air Force F-22 fighter program
- Reduction of DDG-51 procurement from 18 to 16 (1996-2001)
- Delay procurement of the New Attack Submarine
- Delay development of AAAV by two years

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<sup>3</sup> Secretary of Defense William J. Perry, March 1, 1994 testimony before the Defense Subcommittee of the Senate Committee on Appropriations.

These terminations and delays, which are incorporated in the FY 1996 defense budget request, will further inhibit the modernization of the forces. The administration has estimated these program decisions will generate approximately \$7.7 billion—to be applied to shortages in other accounts (MILPERS and O&M).

#### **Future Budget Reductions Will Further Imperil Modernization**

It is now generally acknowledged that the overall defense budget is substantially underfunded. The General Accounting Office (GAO) published a report, dated July 29, 1994, estimating the shortfall between the BUR plan and the defense budget at \$150 billion. The Heritage Foundation estimates the shortfall at \$100 billion. In a report dated December 1994, the Congressional Budget Office place the shortfall between \$47 billion and more than \$100 billion depending on assumptions and future inflation.<sup>4</sup> In the past year, even the administration has acknowledged the existence of a shortfall resulting from the failure to budget for a full cost-of-living pay adjustment as provided by Congress, and underestimating program requirements and outyear inflation.

In early December 1994, the administration announced its intentions to provide an additional \$25 billion in defense to address this shortfall. Unfortunately, all but \$10 billion of these funds are to be made available in the "out years" of the FYDP and therefore will do little to alleviate the BUR shortfall. Even with that additional funding the defense budget will still decline nearly 10% over the next two fiscal years (FY 1996 and FY 1997). Here are the planned reductions in the defense budget for the next four years:

#### **Planned Reductions in the Defense Budget**

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
-5.9%	-4.0%	-0.2%	-0.3%

We submit that in the face of such substantial additional defense budget reductions, it will be utterly impossible to fund current operations, provide pay increases equal to the rate of inflation, reduce the growing backlogs of real property maintenance and depot level maintenance, and at the same time provide even the slightest down payment toward redressing procurement shortfalls. In fact, if we remain on the current course, the investment accounts undoubtedly will be raided further to cover shortages in other accounts. To illustrate why, here is an overview of the FY 1995 defense budget by major account, in order of their relative size:

#### **FY 1995 Defense Budget**

<u>ACCOUNT</u>	<u>\$ in billions</u>	<u>% of DoD Budget</u>	<u>Observations</u>
O&M	\$ 92.9	36.8%	Add'l \$ required for current operations
MILPERS	\$ 70.5	27.9%	Add'l \$ required for pay adjustment

<sup>4</sup> Congressional Budget Office, *An Analysis of the Administration's Future Years Defense Program for 1995 Through 1999*, January 1995, p. 48.

Procurement	\$ 43.3	17.2%	Declining
R&D	\$ 36.2	14.4%	Declining
MILCON	\$ 5.0	2.0%	

Since the O&M accounts cannot be reduced without sacrificing near-term readiness or current operations, they will not be tapped to fund the pay adjustment or compensate for higher inflation. The MILPERS accounts were already short the amount necessary to pay the cost-of-living adjustment. That leaves only two accounts of any size--Procurement and R&D--in which to find the funds to cover inflation, pay, and O&M shortages.

This prediction is confirmed by the FY 1996 budget request which reduces both the Procurement and R&D accounts from the FY 1995 levels:

	(\$ in billions)	
	<u>FY 1995</u>	<u>FY 1996</u>
Procurement	\$44.8	\$39.4
R&D	\$35.5	\$34.3

## CONCLUSION

The procurement accounts for each of the services are severely underfunded. Across the board modernization is coming to a standstill. We are consuming but not modernizing. We are robbing the investment accounts to cover shortages in the Personnel and O&M accounts. Unless the administration and Congress agree soon to arrest the ten-year decline in the defense budget and restore some modest growth, the outlook for modernization will remain bleak.

Let us not mince words. Each generation owes the next a duty to invest in their future, to ensure they will have the equipment necessary to meet the challenges that will surely confront them. Today, we are failing utterly to make that investment. Our legacy to the next generation is likely to be 45-year-old training aircraft, 35-year-old bombers and airlifters, 25-year-old fighters, 35-year-old trucks, and 40-year-old medium lift helicopters.

## VII. LONG-TERM READINESS

### A. THE INDUSTRIAL BASE

A viable industrial base, capable of supporting the needs of the military, is essential to the long term readiness of our defense forces. To remain viable in the short run, that industrial base requires production activity; for the long term, it requires Research and Development (R&D) activity. We are concerned that current defense plans do not provide sufficient activity in either category.

As noted in the previous section on Modernization, we currently have the lowest levels of procurement rates and procurement spending (in inflation adjusted dollars) in post-WWII history. With modernization virtually at a standstill, production lines throughout the industry have gone cold for aircraft, missiles, ships, tanks, etc. Companies have been forced to merge in order to survive in this diminishing market; others are leaving the industry altogether. Fortunately, a few have been sustained by foreign military sales.

We were unable to find any authoritative documents addressing the contraction of our industrial base. Much anecdotal information exists, but no comprehensive analysis appears yet to have been performed. Certainly, some contraction in the industry is justified by the collapse of the Soviet Union and undoubtedly, some of the consolidations will be beneficial. Nevertheless, it is safe to say that no one can tell with certainty exactly how much capacity is required, nor could anyone state precisely what capacity exists. However, there can be little doubt that in the absence of a reasonable level of investment in modernization, and with R&D budgets in steep decline over the remainder of the FYDP, the prospects for our industrial base are not encouraging.

### B. RESEARCH AND DEVELOPMENT

The R&D budgets projected by the Pentagon continue to shrink throughout the FYDP--casting even greater doubts on the viability of the defense industry. The following chart depicts the Pentagon's defense budgets for the years FY1985-1999 in constant FY1994 dollars:

RDT&E (constant FY-94 \$B)										
<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	
41.6	43.3	44.6	44.1	43.5	40.6	38.8	38.4	39.0	38.6	
<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>						
34.8	32.1	28.4	27.3	25.7						

The technological advantage on which U.S. forces have long depended cannot be ensured by such declining investment in America's high-tech industries.

It has become a common practice recently to justify reductions in force structure on the basis that force modernization will provide a compensating "force multiplier". As General Shalikashvili has stated, a smaller force can be a more capable force but only if we continue to enhance their capabilities through modernization. In reality, as defense budgets have declined steadily since 1985, more and more of those promised "enhancements" have been canceled because the overall budgets were insufficient to support them. Among these canceled programs are: the P-7, A-12, AFX, AAAM, TSSAM, ATARS, EA-6B ADCAP, Medium Range UAV, and the Comanche helicopter. Others have been stretched repeatedly in development (V-22, F-22, and BMD), adding to their overall costs and delaying their introduction in to the inventory. In the meantime, the forces have been reduced in size while promised modernization enhancements remain in the "out years."

Earlier we noted that modernization accounts were being deprived in order to support current readiness. We believe the same is happening to the R&D accounts. The combination of diverting procurement as well as R&D funds in order to sustain near-term readiness will dramatically undermine long-term readiness. We are clearly compromising both mid-term and long-term readiness to support current operations.

## VIII. CONCLUSION

We conclude by observing that America remains fortunate to have the finest military in the world, manned by men and women of uncommon capabilities and dedication. In each of the services they are being called upon routinely to "do more with less," to meet ever-increasing operational commitments with ever-decreasing resources.

There is today a mis-match between our defense strategy and our ability to execute it. The forces proposed by the BUR are insufficient to meet the two-MRC objective. We believe the two-MRC objective is appropriate, therefore, we should be willing to provide and support the forces required to implement it. It is important to remember that maintaining such a credible force may be the best way to ensure never having to use it.

Near-term readiness is being favored over all other aspects of the defense budget. In so doing, we are depriving the next generation of the tools they will need to defend America's future. A proper balance between current and future requirements *must* be restored to the defense budget. If care is not taken to ensure mid-term readiness through modernization and long-term readiness through investment in R&D, we will eventually find ourselves facing an insurmountable bill to replace entire inventories of aging equipment with an industrial base unprepared for the task.

Finally, we reaffirm that two of the most serious deficiencies facing the military today are the inadequacy of strategic lift and our vulnerability to ballistic missile attack. We have the ability to correct both situations if we have the will.

**STATEMENT OF ADM. CARLISLE A.H. TROST, USN (RET.)  
FORMER CHIEF OF NAVAL OPERATIONS**

Admiral TROST. We are pleased to have an opportunity today to discuss a very, very important topic with you. The three of us and General Gabriel, retired, former Chief of Staff of the Air Force, was unable to be with us today because of a prior commitment.

We were asked 1 year ago by Senator John McCain to prepare a report based on our experience and our judgment over the years which would assess the capabilities and the readiness of our military forces, based on the tasks set forth in the Bottom-Up Review which was conducted in 1993 and set forth a proposed force structure which would have as its role the ability to accommodate the challenges of two major regional conflicts occurring concurrently or nearly so.

Specifically, the Bottom-Up Review Force as set forth was presented as a downsized, but moderate risk force to be enhanced by adequate strategic lift, force modernization, full funding for readiness and sustained quality of life programs.

That funding has not taken place and adds to our concerns. We were asked to assess the ability of the Bottom-Up Review Force to meet the Bottom-Up Reviews, two major regional conflict objectives, to assess current force readiness and readiness trends, and to look at any significant deficiencies and set forth those that might impair the success of a major military operation.

This then is a summary of the findings in our report. We found that the current defense budget is insufficient to fund the projected defense program. That is not surprising since the shortfall estimates and the current defense plan range from the \$49 billion put forth by OMB to the \$150 billion estimate put forth by the General Accounting Office.

The impact of those shortfalls is that even with the current force structure, we can see a continued decline in the structure and in future preparedness. We found that the readiness levels of most forward deployed forces had been maintained, but often at the expense of our military infrastructure, modernization programs, and the readiness of nondeployed forces.

The latter was emphasized by the standdown last year of forces returning from forward deployment, standing down because of inadequate operations and maintenance funding availability to continue flight hours, for example, necessary for training.

It was also emphasized by cannibalization of returned aircraft and equipment in order to support those forward deployed. We are further concerned by unprogrammed operations. They happen. They happened in Somalia, Bosnia, and Haiti.

They need to be accommodated, but they continue to be funded out of the services' already inadequate budgets, resulting in items such as cancellation of scheduled training, deferral of real property maintenance, growing equipment maintenance backlogs, and the postponement of quality of life investments which are so necessary to maintain personnel readiness.

Perhaps most troubling to us, the continued deferral of a central modernization. We note that substantial amounts of money, primarily from the operations and maintenance accounts continue to

be diverted to activities that contribute little or nothing to readiness.

Perhaps the term "diverted" is less accurate than the term "designated." We use as our example, since we were dealing with unclassified data, the actual fiscal year 1994 budget which included \$13 billion for such items that are not readiness enhancing, although necessary to our society as environmental restoration, drug interdiction, Olympic security, breast cancer research, AIDS research and university set-aside contracts.

Mr. DELLUMS. Mr. Chairman.

Admiral TROST. We note also that the quality of life for many of our servicemen—

Mr. DELLUMS. Would the gentleman yield briefly?

Admiral TROST. Pardon?

Mr. DELLUMS. I would appreciate it if you would go back a couple of sentences and state that point once again. I would like to get clear what it is you are saying. You are suggesting that the \$13 billion, much of it went to environmental restoration, was taken directly from O&M. Is that your assertion?

Admiral TROST. That's what I'm saying, yes. It was in the budget, in the defense top line, as an item for defense, but not used or not available to do the types of things that we are finding shortfalls in.

Mr. DELLUMS. But that's a different point. If you are saying was the \$13 billion in the DoD top line, that is one statement. If you are saying it was taken from O&M, that's a different statement. I'm simply trying to understand which of those two statements you are making.

Admiral TROST. I think we may quibble on where it came out, Mr. Dellums.

Mr. DELLUMS. I don't think that is quibbling. I think that is a very significant point.

Admiral TROST. I will make my point. I will give you my feeling as a retired officer and citizen of this country. We are putting money into the defense top line to make it look better than it really is because it is used for other purposes.

Mr. DELLUMS. OK. That's a different point. I want to hear what you have to say. I just want to understand what it is you are saying. I am quarreling with your right to say what you have to say. At the appropriate point we will exchange. I am simply trying to understand what it is you are saying. Are we both clear?

Admiral TROST. I'm sorry?

Mr. DELLUMS. Are we both clear? I am not asserting a point. I am just asking you a question.

Admiral TROST. Let's take drug interdiction for an example. Drug interdiction comes directly out of Operation and Maintenance funding, but the amount of money required is less than that provided. It is at the expense of training.

One of our problems was that we knew that we had to provide the forces to do that very critical job because we have to clear that cancer from our society. We also knew that the forces who were carrying out those operations were doing it on top of regular deployment schedules in lieu of training for future deployment.

There were many arguments about all of those forces really being properly trained in that they are operating, they are gaining some training. They were not training in their primary mission capability.

Mr. DELLUMS. I now understand your point. Thank you, sir.

Admiral TROST. In the area of quality of life, as I noted the workload for our people is increasing. We find that there is a degree of dissatisfaction in pay caps or pay being capped below the rate of inflation increase and below that which others may receive. We noticed a shortfall in housing maintenance which is adding to concerns. Continued attack on recreational facilities on our basis at a time when we are demanding more of our people.

We have to remain conscious of those concerns. Recruiting concerns are growing for each of the services for several reasons. First, there is a smaller body of age eligible men and women due to demographic changes in our society and we are facing that problem at the present time.

In addition, there is a reduced propensity on the part of our young people to come into the military or to state a preference for the military, in part no doubt due to the increased capability of our society to absorb new workers.

There is a reduction in assets available for recruiting. Some say, well, if you put your money where you want it, fine, but having had a lot of experience in that area, I know that our recruiting budgets were cut and not reduced below those levels that by ourselves below levels that we thought were necessary to have.

Force modernization, as we have noted, force modernization through the procurement, both of enhancements to equipment to meet an evolving threat and that modernization resulting from the procurement of new equipment. We note that we currently have the lowest levels of procurement rates and spending since the end of World War II. It is a concern for the future.

We are further concerned by the viability of our industrial base. We see a lot about the need to maintain critical capabilities. That doesn't mean everything. It does mean that in today's society, there are fewer customers, obviously, for some of the kinds of things that we are concerned about that would be necessary to sustain a base.

We look at critical items, ships, tanks, military unique items, ammunition, as areas of concern where we cannot afford to let that industrial base disappear or atrophy to the point where it can no longer effectively meet the needs of our military services.

We did note that the force structure proposed in the Bottom-Up Review for each of the services is insufficient to meet the Bottom-Up Review objective of two nearly simultaneous major regional conflicts.

It is true for a number of reasons. In the structure as postured, several areas were overlooked; areas such as the need for a rotation base for forces already stationed forward or forward deployed for presence or near-term contingencies.

The fact that some forward deployed units are not available for new crisis redeployment, specifically the division in Korea and one of the two divisions in Germany.

We note that current force levels, with today's contingencies, a strain from an OPTEMPO, PERSTEMPO standpoint to meet current demands.

We are concerned by the unpredictability of access to reserve assets to properly train them and prepare them for mobilization.

Finally, we did identify two deficiencies which we believe would impair the success of a major military operation. They are first, inadequate strategic lift, where our capability, or a lack thereof, has been highlighted repeatedly, but we would strain to meet even one major regional conflict with today's capability.

With what we are building to, we still cannot build and will not build to the capability to meet two. The other is our inability to defend against ballistic missile attack and cruise missile attack. I categorize that as the one which we have heard a lot about lately about our inability to defend against an inadvertent launch of an intercontinental ballistic missile.

Perhaps of equal or a greater concern to us is the lack of capability to counter short-range, intermediate-range type missiles in the field and also cruise missiles, the war heads of which might contain chemical and biological weapons in addition to providing a nuclear threat in the future.

We addressed each of these issues in detail in our report. We will be pleased to elaborate on them as we continue. One could naturally ask how things could have deteriorated so much when just 4 years ago, we executed one of the most successful large scale military operations in history during Operation Desert Storm.

I think the answer is fairly basic. It is a result of the fact that at that time, we had all of the forces we had built to during the course of the 1980's. The decline in defense spending, however, didn't begin after that operation. It began in 1986.

We are today reviewing the 1996 budget which is the 11th consecutive year of declining defense budgets with 3 more expected to follow. Not until the year 2000, according to current plans, will the defense budget stop its decline and begin to realize any real growth.

We have reduced our force structure in response to the collapse of the Soviet Union, as we should have. The problem we see is that the decline in the overall defense budget has far outpaced the reduction in force structure. As a result, virtually all aspects of force readiness have seen some adverse affect.

Mr. Chairman, we are also not here to say the sky is falling because it is not. We feel that we have today the best manned, best equipped, best trained, and best led military in the world. Today, our forces are more than a match for any potential adversary.

We are nevertheless concerned about what we recognize as a decline in current readiness. We are particularly concerned about our Nation's future military readiness. We cannot expect to maintain our current levels of defense capabilities and readiness with steadily declining budgets.

It cannot be done and we are unquestionably putting our future military posture at risk. Mr. Chairman, the three of us and General Gabriel remember well the hollow force of experience of the late 1970's.

There are differences today in that timeframe, but it is our hope that we can avoid a return to those conditions. Quite frankly, as we strive to avoid repeating the mistakes of the 1970's, we feel we may instead be making new ones which may have consequences far more damaging than those we are avoiding.

That concludes my summary, sir.

**STATEMENT OF GEN. ALFRED M. GRAY, JR., USMC (RET.),  
FORMER COMMANDANT OF THE MARINE CORPS**

General GRAY. Mr. Chairman and distinguished members of the committee, let me just add particular appreciation for the opportunity to be here today.

This committee for many, many years regardless of which side of the aisle one looked at has a longstanding tradition of telling it like it is and of being concerned of those wonderful young men and women that serve in our Armed Forces today.

These warriors remain our most precious resource. Despite technology, they will continue to be the final arbiter of the battlefield or any other operation other than war.

Within that construct we were asked, as Admiral Trost has pointed out, to look at the Bottom-Up Review force structure to determine its adequacy to meet two regional contingency operations widely separated and near simultaneous, and to look at readiness over the long haul and to pickup on any significant deficiencies as we saw them.

Let me take the force structure first because from that vantage point and based on the themes that emerged from the study, this is the least important of the topics to be discussed today and in your future deliberations.

We looked at the force structure as it stands today and we looked at the threats; the threats in the Mideast and the threats in North Korea because they are here today. One can debate the seriousness, the gravity and the like, but it is generally accepted that they are of vital concern to our great Nation and our friends and allies. We also looked at the wide spectrum of operations that we do when we are not at war.

For Naval Forces, sailors, and marines, this is not a new paradigm as we all know. For the Air Force and the Army, somewhat of a change, given the strategic focus in Europe and the cold war and the like. Now, our Air Force and our Army are doing even more than they did before with respect to these other operations.

We based our analysis on about 150 years of military experience between the four of us. We didn't always agree on a strategy. So, we hammered out a strategy for these theaters. We hammered out an operational level of war thought process.

What we came up with based on our experiences and the like was an objective kind of force that one would like to see; some risk, yes. Even with the current plans for improving sea lift, it doesn't quite get there. Even with the efforts to improve airlift, you still have some concern.

So there was a little risk, but we wanted to come up with a balanced and proper kind of an objective force to meet these two regional contingencies, regardless of whether we agree that, that

ought to be a strategic benchmark or not. That's what the strategy says today.

Within that construct, we also say now set that aside because that objective force in today's fiscal reality is unattainable, nor should it be in my view. As Congressman Dellums has pointed out, things are changing. Things will change over the next 10 years.

As we learn more about technology, as we learn more about the uncertainty of the world, as we try to look through, over time, we certainly would have changes, tweaks, and different thought processes as we apply a new force structure 10 years down the stream.

We really wanted to put a benchmark out there and say, look, this is what the gun slingers say you need today. Here is where you are. We ought to think about this because it has a major impact on the thought process of stability in our Armed Forces, stability in our structure and what we suggest today.

We believe that we should try to bottom out this force structure and stop this downward spiral. We will get into why when we talk about near-term, mid-term, and long-term readiness and the future as we see it. We talk a lot about our people and the concerns.

One of the big concerns is the uncertainty. Am I going to be able to stay in the military? What is the outlook? What about the potential for pay raises and adjustments and the like? I am already down about 12 percent from the civilian pay sector and the like.

We have got some of our warriors on food stamps and that type of thing. What is the future? So, it is this uncertainty. They don't look at it with the wisdom of this committee. They look at it from the standpoint of 18-, 19-, 20-year-olds; the same age as the young lieutenants who lead them.

They don't have the benefit of our experience. This uncertainty is pervasive. It impacts on recruiting. We reduced our recruiting effort over time for what many thought was a good reason. If you are not bringing in as many people, why does one have to have as much of an investment in recruiting?

We are finding out, and we are reporting to the committee, that it doesn't quite work that way. Often it costs as much to have a smaller base, a smaller effort, as it does a large one. The infrastructure is there.

More important, the propensity of American youngsters to enlist in our Armed Forces because in part of this uncertainty, because in part of the change in the economy, more jobs and that type of thing, because of a whole host of things, some subjective, some not, some quantifiable, some not.

The studies that we do show a remarkable trend down in terms of the propensity of young Americans to want to enlist. Which means, it is going to be more and more difficult for the recruiting services, and particularly the big services.

We marines will get along. We always have. We always will because we have been conditioned to readiness and being prepared. We are used to not having enough. We know how to do that. So, I don't speak as a marine. I speak as a concerned American for our Armed Forces, particularly the bigger services who have a very complex mission to recruit and to retrain their people.

Now, it is true, because of the efforts of the administration, the Department of Defense and the Congress that near-term readiness

is holding up. My colleagues who continue to serve today probably have said in testimony, we are all right today. We can do what has to be done and we are doing it.

Indeed, in the case of our core marines, retention is hanging in there because marines like to go do things as long as they know that America understands why. As long as the people agree with the idea that they are going to be at float for 6 months and doing this and doing that, coming back to the United States like one unit did and turning right around—they will do that.

They will go to Haiti. They will go wherever the Commander in Chief wants them to go. It helps to understand that the Congress and the American people are in support of them. They want certain things. They don't ask for a thing, but they would like to see a little better in terms of morale, welfare, and that kind of thing, a little better housing and all of that.

The young warriors today in all of the services will continue to do what must be done. That is a part of why we are such a great country, because of our people. When we look at the mid term and the long term and the trends, here is where we ask that the focus be concentrated.

We are sacrificing the mid-term readiness, the readiness in 4, 5 years, to 10 years, we are sacrificing that because we are diverting funding into near-term readiness. In effect, we are eating our seed corn. We face a possible train wreck downstream unless we begin to bottom things out and begin to move toward the future.

There is a major difference in our judgment between the hollowness of the force in the 1970's and the hollowness of the force that we are predicting today. That difference is that in the 1970's, literally we raped and pillaged the personnel accounts. You will recall that.

We hit hard the operations and maintenance accounts because they weren't very glamorous. We could always take another 2 percent here, 1 percent there and spread it around. We maintained in the 1970's the modernization effort to a fair degree and the research and development effort.

Therefore, at the turn of the decade when you began to put more into defense for all of the right reasons, it was relatively simply to fix the readiness. It took 3 to 4 years, maybe 5, but the personnel accounts and the operational and maintenance accounts could be fixed because the modernization base and the research base was there.

Today, we believe that is not the case and anywhere near the robustness that one would like. We are literally not modernizing the force. We are not buying new equipment with a few exceptions and the like. We do not have the research and development effort going on downstream which will ensure that American warriors will have the finest capability in the future.

This difference between the 1970's and the 1990's, coupled with the thought process that we are not modernizing and therefore we are creating a biowaive. If you go back and look at budget charts through years and after wars and all of that, we are all familiar with the spikes.

One need not be an economist to recognize there will be no great spike at the end of this decade. We cannot afford that as a great

nation. What we are suggesting is bottom out this force, stabilize it, and begin to make measured, carefully thought through investments along the lines of a war fighting campaign plan phased by goals, and phased by thought process, and phased by practicality, so that we begin to build the base back up of modernization and of long-term research and the like.

At the same time, in a more aggressive manner I would hope, take a little better care of our people to make sure that they are treated as first class citizens of this great country. That is sort of where we are coming from.

We also saw a couple of major items of concern with respect to ballistic missile defense and the like, chemical warfare, sea lift, and so on. It is this mid-term and longer term sustainment that we are concerned about. We do not believe that there will be the money there, despite even if we make modest adjustments with respect to defense spending, vis-a-vis gross domestic product and the like. It simply will not be there because the base is not there today.

Thank you, Mr. Chairman.

**STATEMENT OF GEN. ROBERT W. RISCASSI, USA (RET.),  
FORMER COMMANDER IN CHIEF, UNITED STATES FORCES,  
KOREA**

General RISCASSI. Mr. Chairman, I have a statement for the record that I would like to submit with your concurrence.

I agree with everything that General Gray and Admiral Trost have discussed. Let me just make some observations. I will be brief. As we undertook this task to take a look at the military capabilities, we first ensured that we wanted to retain and maintain, ensure into the future that we had a quality force that could in fact respond to any strategic vital interest area around the world today, tomorrow, and well into the 21st century.

We made an assessment, if you will, in some respects of the national strategy of engagement and enlargements, the underpinnings of that strategy and the two major regional contingency scenarios; operations other than war and then other things that the military departments get called upon.

That was the underpinning of our assessment and philosophically how we went into this report. Second, we tried to school ourselves. Where are we on readiness? What is readiness? What are the underpinnings of readiness? It is just now how many folks that you may have in a foxhole.

There is a whole panoply of things that go into the makeup of readiness that says you are or you are not capable of performing the missions that you are called upon, whether it is an MRC, an operation other than war or some other scenario.

Third, if there were any deficiencies, we tried to identify those for you. Then if you took everything that Admiral Trost and General Gray filled in the report sort of for you, I would then say, here is what you must have. You must have stability and adequacy in the funding profiles within the military departments.

Second, you need to have stability in your end-strength. Third, you need to have prompt reimbursements because that affects the momentum of readiness within the departments when you deliberate to the point that it comes in the last month of the fiscal year.

The prompt reimbursements that are not central or core to the military departments, that are different than what was deliberated on in the budgetary process must be closed on rather rapidly so that you are not spending your fiscal dollars for readiness in January that you programmed for the July timeframe.

The last point is we need to strike a balance between the investment and the operating accounts. They are woefully out of tolerance. As General Gray very appropriately points out, the mid-term and far-term modernization requirements are not being met. Therefore, in my estimation, you will have a different type of holowness than what General Myers identified in the 1980's.

Thank you, sir.

[The prepared statement of General RisCassi follows:]

**STATEMENT BY  
GENERAL ROBERT W. RISCASSI  
(UNITED STATES ARMY - RETIRED)**

**BEFORE THE  
NATIONAL SECURITY COMMITTEE  
OF THE  
U.S. HOUSE OF REPRESENTATIVES**

**104TH CONGRESS**

**ON READINESS**

**22 MARCH 1995**

**NOT FOR PUBLICATION UNTIL**

**RELEASED BY THE HOUSE NATIONAL SECURITY COMMITTEE**

Mr. Chairman and members of the committee, it is an honor for me to appear before you. As a recently retired soldier, the readiness of our Armed Forces has been a part of my life for a very long time and continues to be of great concern to me. I have seen programs from the neglected Army of the late 1950s to the dispirited post-Vietnam Army to an Army which grabbed its bootstraps and gave the Nation its most significant first battle victories of JUST CAUSE, the Cold War, and DESERT STORM. Historically, these first victories are not the norm and I am painfully aware of our history of losing the first battles of our Nation's wars. The significance of the long-term readiness efforts that went into these victories cannot be overstated. For the first time, we were ready. I am also painfully aware of our inability to predict when or where the next "first battle" will occur. During my assignment as the Commander-in-Chief United Nations Command, Commander of the Combined Forces Command, and the Commander of United States Forces Korea I began to see the seeds of a decline in readiness of the Armed Forces as they began the post-Cold War drawdown. As a member of a group of retired general and flag officers examining the military capabilities and readiness of the Armed Forces for Senator McCain, I have seen those seeds of a few years ago blossom into what I view as not only the potential for the military to be unable to protect the national security, but to maintain the readiness of its forces on anything other than a very tenuous day-to-day basis as we face the realities of the responsibilities that accrue to the world's single remaining super power.

Although I have served as a joint commander, my lifelong expertise lies in my 35 years of experience with Army forces. In those years, I learned early on that readiness is not something that is merely quantifiable such as the number of empty foxholes — or unmanned weapons systems. Rather these are but symptoms of a larger problem because readiness is a function of many other factors, including: long-term investment in recruiting and retention of quality soldiers and leaders and providing for their quality of life; modernization of equipment, organizations, operational concepts and doctrine; and rigorous individual and collective training to standard. At the same time, I recognize that as the predictable world of Cold War deterrence and containment becomes a distant memory in face of the uncertainty of today's world, our litmus for determining whether the readiness problems of today portend future hollowness of the force is increasingly more complex.

In the early 1980's, General Meyer confirmed what the rest of the world had already witnessed by declaring the force "hollow" following the disastrous Desert One. General Meyer's Army was an Army of 780,000 active soldiers — far larger than any endstrengths contemplated during the Defense Department's Bottom Up Review (BUR). Yet that Army was unready — hollow — because of shortfalls in quality soldiers and leaders, modernization, and training. We took temporary comfort in the belief that the nuclear ladder of escalation would deter conflict between the superpowers at every level.

Readiness is a very complex issue. Regardless of the size of the force we field, it must be affordable and usable. Yet, even with the 10 Division active Army force described in the BUR, there are serious questions of affordability in our force structure, modernization, and readiness accounts. However, adequate resourcing of the fielded force is only part of the discussion. It is quite possible to have an Army with its units fully modernized and resourced at 100 percent of programmed requirements yet have an unready Army if that Army were incapable of simultaneously supporting current operational requirements and supporting the National Military Strategy. In short, committed capabilities to support current or projected peacetime operational requirements could foreclose our ability to respond to more serious threats to our national security interests.

The BUR identified, correctly I believe, the need for the Armed Forces to fight and win two "nearly simultaneous" major regional conflicts (MRCs) to protect the national security. The BUR was in fact however, a Single Integrated Operational Plan (SIOP)-like top-down review for conventional warfare based on predetermined budget restrictions rather than a bottom-up review based on real and potential threats. Although billed as a moderate risk strategy, the force levels the BUR identified to accomplish this task are insufficient to meet those objectives if numerous fact-of-life considerations are part of the equation. These considerations include:

- the need to provide a rotation base for forces currently forward stationed or temporarily deployed for peacetime operations or major combat contingencies;
- the fact that some forward stationed or temporarily deployed forces are essentially not available to dispatch to a new crisis;
- the fact that current force levels are being strained just to meet the frequent and demanding requirements of peacetime operations; and,
- the unpredictability of early access to and the time required to train and mobilize the reserve components.

Additionally, the BUR force was to be enhanced by several key investments that have not occurred: strategic lift increases, force modernization, full readiness funding, and sustained investment in quality of life programs. The ability of our already smaller Armed Forces to accomplish the BUR two MRC objective was premised on simultaneous resourcing of these enhancements that would make them more rapidly deployable, more lethal, more ready, and more able to retain the high quality people required to operate in the high-tech environment of the future battlefield.

All of these considerations argue the point that the total force levels of the BUR, while sufficient within the analytical assumptions of the frictionless BUR force model, would not be able to perform the objectives they were structured to do in the real world.

The Services, in good faith and consistent with guidance or prudent decisions about cost avoidance, have accelerated the drawdown to the BUR endstate in order to reinvest the saving in strategic enablers which would enhance the smaller force, only to see the savings swept off the table. In doing so, we have created a window of vulnerability because we now have our Nation's Armed Forces stationed primarily in the continental United States equipped with Cold War operating systems and

lacking adequate strategic lift that must protect national interests in a world situation which requires immediate power projection to far flung and diverse areas of conflict. As our Armed Forces have decreased in size to the BUR levels, the readiness of these smaller forces takes on a greater role. When there was a large force, we could afford an operational strategy of mass and momentum and to tier resources among units because not all of them were required or able to deploy immediately to a crisis. In the Cold War mobilization model, we assumed that the later deploying units, Active or Reserve Component, would have time to bring their level of readiness up before they were deployed. With the BUR force, such a luxury no longer exists, especially when key elements of the force are committed performing military operations other than war and not able to immediately disengage and redeploy to an MRC. Our smaller Armed Forces, asked to do more than they were during the Cold War and to do it faster, must be more ready, lethal, survivable, and deployable. Because of the combination of accelerated force reductions without adequate funding of the BUR force enhancements in the face of increased demands, it is my judgment that our Armed Forces are less ready than they were during the Cold War. Our nation's nuclear might is no longer a credible deterrent to the vast majority of those nations that would threaten our national security. While there is still a rationale for maintaining a strategic nuclear force, credible deterrence is now a matter of rapid projection of conventional forces and the ability of those forces to achieve a decisive victory into any situation.

Overall the services have done an effective job implementing the BUR force decisions and the Administration's guidance to maintain current readiness as their highest priority. They have, however, done this at the cost of slighting mid- and long-term readiness. Specifically, they have had to: divert resources from non-deployed units to pay for incremental costs of unprogrammed operational requirements; cancel scheduled training; defer real property maintenance; increase equipment maintenance backlogs; and, strip their investment accounts for new equipment and facilities. The most obvious results of these actions were most readily visible when three Army divisions reported a C-3 readiness rating last fall, but you must only visit any of our continental United States force projection installations to understand the ingrained nature of infrastructure decay and the magnitude of the problem. This problem is not unique to the Army. In a nutshell, the services have to

perform today's unprogrammed contingency operations while continuing costly downsizing operations by using funds planned for investment in future readiness — modernization, training, and maintenance. Although there have been supplemental authorizations to recoup the costs of these contingency operations, they have occurred too late to keep training events and maintenance from occurring or have not been given, in total, back to the services by the Administration. For example, in FY 94, the Congress approved a supplemental appropriation of \$1.15 billion to pay for unbudgeted operations in Somalia, Bosnia, Rwanda, Cuba, and Haiti. However, of this total, only \$300 million ultimately reached the Services; \$850 million was rescinded and returned to the treasury.

Mid-term readiness is basically a matter of force and equipment modernization. With very few exceptions, the services have stopped modernization of their forces due to the diversion of funds to support contingency operations occurring in the near-term. Modernization is not something that can be "jump started" when an MRC starts, especially if the unique skills and military industrial base are allowed to disappear. As our experience in DESERT STORM with such mundane items as Heavy Equipment Transporters (HETS) and 25mm ammunition demonstrates the Services simply cannot design, develop, produce, field, train soldiers and crews, and integrate them on the battlefield with standard equipment not backed by hot production lines or a new piece of military unique equipment like a main battle tank in a short period of time. The equipment of our services, relative to the modern equipment available on the world arms market, is aging rapidly. On their present course, the legacy to the next generation of the Armed Forces — our sons and daughters — is one of 45-year-old training aircraft, 35-year-old bombers and airlifters, 25-year-old fighters, 35-year-old trucks, and 40-year-old assault helicopters.

Long-term readiness is basically in a similar state as mid-term readiness. It has been decremented to pay for current day operational and force structure requirements. The reduced procurement and declining research and development budgets are threatening the military industrial base and we are seeing a shift of those industries to civilian applications. The loss of this industrial base will

eventually deny the Armed Forces the ability to maintain their current technological superiority over potential adversaries.

Additionally, our lack of or propensity to "rob" programmed funding for strategic lift to meet other service needs makes me question the ability of our Armed Forces to meet the deployment timelines of even one MRC, let alone two. Our ability to protect the Armed Forces against ballistic missile attacks is limited and our ability to protect the continental United States against even a single missile attack is nonexistent in face of rampant proliferation of these missiles and ballistic missile technology which is so great that any opponent the Armed Force are likely to fight will possess them.

When the Department of Defense realized that it had a readiness problem in the late 1970s, it took until the early 1980s to finally see proper funding to begin correcting the problem. Once that funding entered the system, it took three to five years to correct most of those near-term readiness deficiencies in areas such as personnel and operations & maintenance. The readiness problems of today's Armed Forces are different than those of the 1970s where we ignored the members of the Armed Forces, but we are nonetheless on the verge of a new type of "hollow military" where we are ignoring the future of the Armed Forces by hollowing out tomorrow's force today. Even though the Cold War has been won, the dangers of the world have not been defeated and continue to pose a threat to our national security. If we are honest about it, those threats are smaller, but more numerous and require our attention faster than those we faced during the Cold War. We are in fact more operationally committed now than we were at the height of the Cold War.

The burdens of peace are real for this Nation. With the current levels of resourcing for the force, we risk becoming seriously out of balance and placing ourselves in a degraded readiness position. The combination of current operations befitting the world's remaining superpower and Cold War clean-up activities (down-sizing, retrograde of equipment, Base Realignment and Closures, etc.) contributes to an already challenging resource situation. Future operational requirements —

peace support operations in the Balkans or Middle East while sustaining a credible conventional force for deterrence and warfighting — offer little hope for near-term relief in relieving the pressures on budget or endstrength levels or reliance on the Reserve Components. These threats require a either larger fully equipped, more ready Armed Forces or a smaller, more lethal, survivable, and tailororable force than we currently have with the BUR force. The Services require a sustained period of stable funding and endstrength with the freedom to manage these resources so that they can perform their roles and functions by managing their forces. The Services require protection from Congressional mandates and punitive hits as they wrestle with tough issues such as the focus of efforts in their readiness accounts — Operations and Maintenance — the size, readiness, and design of the reserve components, the proper force structure mix, and the need to design the Armed Forces of the 21st Century.

Together, the Congress and the Administration, must ensure that the young people charged with securing our national defense are provided the leadership and resources necessary to ensure success in all that we as a Nation ask them to do today and in the 21st century. In the last 12 months, rapid deployment of a Patriot battalion to Korea 'stabilized' an increasingly difficult relationship — while knowledge that the highly trained forces of the United States Army were in the air deterred Iraqi aggression and compelled a dictator to step down and restore a duly elected President to power. The opportunity cost of not having committed our forces in this way is incalculable, either in the cost of having to go to war again to roll back aggression and protect strategic resources and Allies or to find a solution to unchecked waves of immigrants in the Caribbean.

I do not know how long it will take us today to begin repairing the damage that has done to the readiness of the Armed Forces and reversing today's tendency to hollow out tomorrow's force, but I do know that the problems will never get fixed if we continue to do nothing. And the lessons of history and the thousands of white marble military tombstones in cemeteries across this great land are eloquent testaments of why we who bear a shared responsibility for our Nation's Armed Forces must step up to the challenge of sustained investment in our Armed Forces.

Our public discourse on readiness should be measured and devoid of rhetoric — readiness is a military, not a political issue. We owe it to our commanders to maintain the integrity of the readiness reporting system as they fulfill their responsibilities to the Nation and this Nation's sons and daughters. General Barry McCaffrey, now Commander-in-Chief of U.S .Southern Command, noted in his testimony before the SASC following DESERT STORM that the ground war was not won in 100 hours, but over a 20 year period of sustained investment in quality soldiers, leaders, equipment, and training by the Army. Our challenge is to sustain that edge in near-term readiness while precluding that focus from becoming a longer term readiness problem which first impacts training and quality of life, then our long term investment accounts in modern equipment and facilities and ultimately leads to the "hollowing out" of the world's premier Army.

Let us begin this great task together.

The CHAIRMAN. Thank you gentlemen. Mr. Dellums.

Mr. DELLUMS. Mr. Chairman, at this time, I would like to reserve my time. I would like to see how the hearing proceeds.

The CHAIRMAN. Mr. Weldon.

Mr. WELDON. Thank you, Mr. Chairman.

I appreciate our panel coming in and the excellent service they have provided to our country, both during their active duty years and most recently now in helping us assess our current capabilities.

Many of us are troubled with the discrepancies as well in terms of our ability to meet the requirements that we have laid out for our military and the dollars that we are putting forth. As you all know, the General Accounting Office has said that we are over 5 years, approximately \$150 billion short.

The Congressional Budget Office has placed that number between \$60 and \$100 billion. Our distinguished colleague on the other side, Ike Skelton, has come up with his own budget, which I think is a credible first step that says at a minimum we need \$44 billion of additional funds over 5 years, just to meet the requirements.

Unfortunately, the debate that we hear on the floor of the House is we are still spending too much on defense. We should still make further cuts. All of the times these cuts and these differences are occurring, one of the fastest growing areas of the defense budget is what we refer to as nondefense spending.

While we decrease spending by 25 percent over 5 years, non-defense spending in the defense budget has increased by 361 percent. That includes everything from both required and perhaps arguably not required environmental costs averaging \$13 billion in this year's budget.

About \$3 billion of what is being loosely called defense conversion; about \$4.7 billion of member add-ons and special unauthorized items that were stuck in; some of them by members of both sides, but at a time where we are cutting defense by 25 percent, that is the only rapidly increasing area of defense spending.

We need to have the input of people like you to help us from the perspective of your experience as professionals understand that we in fact, I think, are threatening the security of our country, perhaps not this year, but 3, 4, and 5 years down the road.

What has really outraged us, and I think you have hit this in your testimony, you may want to comment when I am finished my opening statement here. In 1 year's time period, the administration's request for the acquisition accounts have decreased by \$9 billion over what the administration said they were going to be this year.

Many of us on both sides of the aisle feel that we are creating, perhaps not a hollow force, but certainly we are coming to a point in time where we are not putting money into modernization. That is going to catch up to us, 3, 4, 5 years down the road because constantly deferring these purchases, whether it is in modernization of our ships or vehicles, or whether it is modernization for our aircraft, that is eventually going to have to be dealt with by some administration.

It scares us, I think, on this committee especially that we are not meeting that need. I really want to ask you, since this is an area that I am focusing on this year, to comment on that portion of your report dealing with missile defense.

Specifically, your report says that we do have an inadequacy there. If I quote it, it says, "The absence of such a defensive system will only encourage potential adversaries to seek their own offensive strike capability. Conversely, the existence of an effective missile defense system will likely discourage such pursuits."

You go on to comment about the reduction in both antimissile defenses for the continental U.S. being decreased by 80 to 90 percent, and for our theater systems, by over 60 percent. We are currently wrestling with that whole notion of where to proceed in terms of missile defense.

Many of us are not advocating a particular architecture, but rather are working with General O'Neal to help fund what he feels should be our priorities. So, I would ask you if you would comment on the whole issue of missile defense, its importance, perhaps the shortfall, and perhaps any suggestions that you would want to make to us beyond what is in your report.

General RISCASSI. Let me say, sir, if I can start off.

Clearly one of the deficient areas that emanated from the Persian Gulf war was theater area air defense, ballistic missile defense and then downstream, as we took a hard look at it, cruise missile defense.

One tried to look at the requirement as a homogenized requirement. Let me define that for you. Are we adequately structured from an architectural standpoint in a passive way to identify from the factory to the land yard, the developmental process of the proliferation of these things called theater ballistic missiles or cruise missiles. The answer is no.

There has to be a recognition that a building block in missile defense is in fact the passive side. We have to then close on it whether you were looking at the human side all the way through some sensor suites that would close on that notion of passiveness.

Then on the active side where you see a majority of General O'Neal and the BMDO and the services' focus on whether it is the Army's expression of looking at CORPSAM and the—as the fix and the mobile in the lower and the upper expression of what you wanted to close on, and then the marinization, navalization of that capability.

You could satisfy yourself that as you look downstream, that settles that dimension, if you will. It says, what do you have to do in the near-timeframe? I think the Congress has recognized the shortfall in PAC-II. I haven't looked at the numbers, but the PAC-III, step in the right direction.

The building blocks are there. Is it quick enough is the question? And then let me jump forward a little bit from battle management which I think is another key area. In other words, if you did the passing side right and you identified and eliminated before launch, you're golden.

If you wait to launch, then you had better have a good battle management system that takes care of it, whether it is space-based or ground-based or air-based. You need to close on that dimension

to ensure that once airborne, you have the requisite capability and you can downlink it to the shooters quick enough so that you can take care, whether it is lower or upper tier, whether it is an air breather or a ballistic missile defense.

That is sort of how we looked at the totality of the question. Then it is one of prioritization of how you would go in satisfying. One of the issues then comes, there gets to be almost a myopic focus on one area. It is really a synergy of all three of those areas that you need to fund at a level that ensures you feel the totality of what I'm talking about.

The CHAIRMAN. Mr. Montgomery.

General GRAY. Could I just add that the need is there today. There is no theater ballistic missile defense capability today. It is important I think that the American people, through the Congress, understand that; not raise many alarm bells. It is very important that creditability emerge. There is no capability for theater ballistic missile defense today, in my judgment.

Those who observed scuds being hit in Desert Storm were seeing a very rudimentary missile system and a very arbitrary, if you will, capability to knock them down. The Patriot was initially an air breather defense system. It was never an area of defense capability and the like.

As General O'Neal and the others and the Congress have brought forward now, a capability to enhance the Patriot system, and at the same time, continue efforts for the high altitude and the medium altitude air defense and ballistic missile defense effort, and to improve the ground-based HAWK system in the Marine Corps, taking advantage of the improved TPS-59 radar.

What you have emerging in the short and then mid term with respect to ballistic missile defense is a small land-based capability with the improved HAWK to put a small ballistic missile defense bubble on top of a small force ashore.

Then with the PAC-II improvements and the like and hopefully something like the ERINT missile and so on, a larger bubble, if you will, over more land-based forces to include air fields and the like. Then with the effort that is going on to upgrade Aegis, you see a capability to put a bubble over the battle force at sea.

You are biting away at this apple. It would cost Fort Knox to solve it all with one sweeping system. You are picking away very well at this. You are beginning to put a capability in place. This program needs to be understood. It needs to be supported.

I think the Ballistic Missile Defense Office is doing a super effort. They need your understanding and your support. The CONUS capability is a different issue; much more complicated, also no capability as we know and also involved in the antiballistic missile or ABM Treaty and all of that.

So, it is a much more complex, geopolitical, and related effort which is going to take a lot of cooperation, a lot of coordination, and an awful lot of physics. So, that is sort of where we see it.

The CHAIRMAN. Thank you. Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I have two questions and probably our witnesses, which I welcome this morning, maybe in little briefer answers so I could get both of my questions in the time allotted.

The roles and missions study by Dr. White will come out, this Congress ordered, will come out in May. Some of the leaks say that it strongly recommends that more missions be turned over to the Reserves and to the National Guard.

I notice in your papers, I didn't see where you commented on the Reserves. Maybe you did. Admiral Trost.

Admiral TROST. We did not comment on the Reserves, except to note that one of our concerns was the inability to get them as rapidly for training and mobilization as might be required in a contingency situation. Our charge was to focus on the readiness of current forces in the field and the focus was primarily there, much less on the Reserves.

General RISCASSI. Mr. Congressman, maybe we didn't address it straight-up, but they are a hand-in-glove part of the structure that supports the two MRC scenarios. As you well know, the 15 enhanced brigades and the 8 Guard divisions are endemic to success as you look at the two MRC's and in fact other type operations around the world.

The question then is, is the Guard organized properly to support the MRC scenarios and the Active Force. It fundamentally is an Army question. I would submit to you that the Navy, the Marines and the Air Force organizations are significantly better in supportability to the Active side and the totality of those missions than the Army's side is.

As you know, the off sights of a few years ago have moved this a long way. There is some more work to be done. The people are in fact closing in on this issue. I will tell you that we will have some very good recommendations out of the Roles and Mission Commission for you.

Mr. MONTGOMERY. I would just like to point out, and this comes out of the Defense Department, 38 percent of all of your total force now is in the National Guard and Reserve. Somebody has got to start addressing it. How do we use them?

General GRAY. I think, Mr. Congressman, that we implied, or at least we should have—I certainly would strongly urge that this balance, this idea of modernizing over a period of time consistent with a campaign plan certainly includes the total force, our Reserve structure and the like.

We have a different situation as General RisCassi has pointed out in your Corps of Marines. We are, in my judgment, fully integrated. We have for many, many years seen to it that our Reserve Forces, within reason, have the same kinds of capabilities of the Active Forces. This goes without saying on the ground side and requires a little bit of thought and planning with respect to aviation assets. I would suggest too that given the posture of the way it is today, we would be well advised to strengthen, not numbers perhaps, but strengthen the focus on preparing Reserve Forces.

There is much that can be done with technology. There is absolutely no reason why we don't have videoconferencing and multi-media instruction in all of the Army and in all of the Reserve centers and the like. Let's streamline even more the paper process and maximize the opportunity in the field of training with these people and work with them.

Capture their unique expertise and it is out there in abundance. We have a Marine Reserve major today in Liberia who knows more about Liberia than any of us. That is consistent with Reserve potential around the country. I think there are some unique things which shouldn't cost very much in the way of dollars. It doesn't cost to think. It doesn't cost to study. I doesn't cost to be prepared. It doesn't cost to think about cultures and regions and—

Mr. MONTGOMERY. I would like to get my other question in, General Gray. They don't need any more equipment. The equipment is pretty good now. The pay is good for Guardsmen and Reservists. A young kid can get as much as \$150 a month including the GI bill. He or she is in pretty good shape. Let's just use them.

My last question is for the Navy, in which I support, to go to the 13 deployable carriers. Admiral Trost, do you care to comment on that? That is one of your recommendations, I believe.

Admiral TROST. I would be pleased to. As we noted, we looked at the total force capability to meet the Bottom-Up Review and requirements. As we assessed the capability of today's forces, we looked at both of those that were set forth in the Bottom-Up Review as being the numbers required, then at the activities demanded of our forces overall.

The carrier level noted in there was the one which I believe we stated fully is that required to meet today's current presence requirements which are beyond the control of the Navy. They are a national requirement for the three forward deployed carrier based groups and different parts of the world. We said, given our druthers, our recommended force level would be the following, recognizing full well that current budget constraints don't provide for such a buildup, nor would that be priority No. 1, force level buildup, if we were trying to fix today's problems.

Mr. MONTGOMERY. That wouldn't be priority one?

Admiral TROST. That would not be priority one.

Mr. MONTGOMERY. For the Navy?

Admiral TROST. Force structure enhancement would not be priority one when we are faced with readiness problems, modernization problems beyond those that include just keeping more forces or bringing more forces in. Fix what we have first.

Mr. MONTGOMERY. Thank you.

The CHAIRMAN. Mr. Skelton.

Mr. SKELTON. Thank you, Mr. Chairman.

First, let me thank each of you for sharing your thoughts and advice. Each of you has a most distinguished military career behind you. For you to continue to share your words of wisdom with us is above and beyond. We do appreciate that.

We have a military strategy, as you mentioned, of being able to fight and win two nearly simultaneous major regional conflicts. That is our bottom line. There are, of course, problems with that. The first is one and it occurred during the first briefing that I had on this, that the peacekeepers who will range from 6,000 to 37,000 nonsailors at any one time, that was the range last year of people doing things other than war.

Immediately upon the second conflict occurring, you yank them out of place and place them in the second conflict. That does not make good sense. We all know from history that if we have the

wrong doctrine, such as France had and developed between 1919 and 1939, you sure have problems. Their problem was not that difficult.

We have a difficult problem in the fact that we don't know what type of conflict or contingency we will find ourselves in. As a matter of fact, we nearly—we were on the brink of three major conflicts last year. We don't seem to remember that, but that is a fact.

So, I am concerned about the size of the force structure, particularly General RisCassi, of the Army. I am concerned about modernization. I think if we have an Achilles heel it is theater ballistic missiles. I am concerned about melding the Reserves with the Active duty as has been just mentioned.

If you would care to touch on any one of those subjects, I would appreciate it; particularly General RisCassi, the 12 divisions. I have been urging the Army to do 12, with 4 of them rounded out, vis-a-vis the 10 that they are going to do.

General RISCASSI. Mr. Skelton, it became a difficult question to balance the base case force and then evolve into the force when the assumptions that underwrote the force were not deliverable. What you had was a 12-division force under the base case of an end-strength of 520,000. In the Guard and Reserve structure, at that juncture, was over 600,000. So you could satisfy yourself that the two MRC scenario, plus other opportunities that may present itself to the National Command Authority could be handled from an Army perspective.

Then as we went in and downsized to 495, the assumptions were that they would be full-up divisions. Implicitly in that downsizing, you develop it as a CONUS-based force. In other words, your forward presence got thinned to the point where you became tethered to full funding, if I could use that phrase, for strategic lift, both air and sea.

Then the question was, is 495, 10 divisions, 15 enhanced brigades, the new Guard and Reserve end-strength of 575 enough to do the full spectrum of capabilities that engagement enlargements were asking us to do?

The report suggests the answer is that it is not. However, as was appropriately pointed out, I don't think we are here to upgrade our end-strength and division count for the sake of modernizing in the mid- and long-term force structure. And delivering on those assumptions that were endemic in the force.

General GRAY. If I could just add on this, at least from my vantage point, we should fix, where possible with a very careful analysis of all of the accounts, the readiness of the base force you have today and not worry about increasing the structure for now. Is it a little risky in terms of the two MRC concept, yes. But given the talent at the unified command level and in the Joint Chiefs, the Chairman and the like, we can handle what is going to come down the pike.

We may not fight this war exactly the way the American people are used to; massive decisive force, get it over in a hurry with no casualties and all that type of thing. It is doable. We fought World War II with a focus of main effort in Europe and an economy of force effort in the Pacific.

When we got that done, we took care of the other problem. With the long-range reach that we have today, we could make it very uncomfortable in another area for a sustained period of time. That does not meet the construct of the strategy. It is a way to get it done.

The CHAIRMAN. Mr. Chambliss.

Mr. CHAMBLISS. Thank you, Mr. Chairman.

Let me just say, as a new member of this committee, I am extremely impressed by the knowledge and experience that you gentlemen bring today. I appreciate the things that you have had to say. We have heard over the last several months from Active-duty military leaders that our men and women are currently ready and adequately supplied.

What they have not been able to tell us is, where we are going to be 3, 4, 5 years from now when the threat becomes more prevalent. I am interested in the term "front-end loaded" that you have all used in your report. I would just like for each of you to comment on that and tell me if it means what I think it means, which doesn't sound like where we need to be headed.

Admiral TROST. We are front-end loaded. There has been a conscious decision to ensure that today's forces are ready. None of us would challenge that because we don't like the idea of sending our people forward into harm's way unless they are properly supplied, properly trained, and have the adequate equipment.

Our concern has been, as General RisCassi has said, letting the accounts get out of balance and going into the future. I think there is even a more philosophical issue that we face in this country. Do we want to be a superpower or don't we? Do we have a willingness to spend a certain small fraction of gross defense, or gross national product, gross domestic product on national security or don't we?

We seem to nibble around the edges of what should we or shouldn't we do and how can we best save money? We certainly want to save money and be efficient. There is a certain level of military capability necessary to do what national leadership deems necessary to protect its interest today.

That is not going to change in the future, in our view. We get concerned when we see an absence of modernization despite the fact that the threat continues to evolve around the world.

A lot of people are selling sophisticated armaments today. We should be upgrading and modernizing our capabilities to be able to take care of that. We get concerned when we see the platforms that will be the underlying basis for future readiness not being procured and a bow-wave of procurement dollars being built that is unaffordable or unmanageable. It is going to be a big mountain to climb.

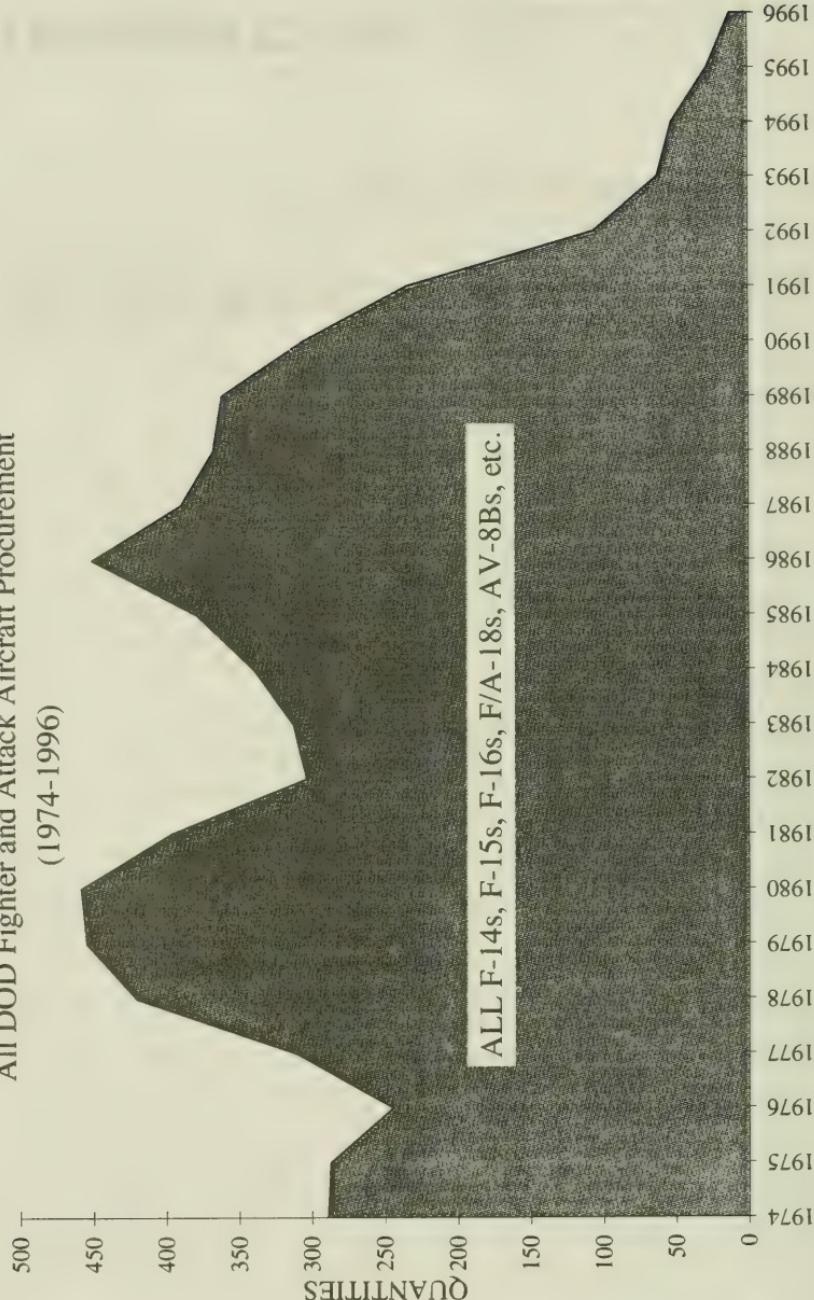
As we went through, we asked all sorts of questions. We did a lot of looking at trends. I don't know if all of these packages—is there a red package in front of you? We looked at charts that amplified our concern. If they are not there, I will provide them to the chairman to be distributed.

[The charts follow:]

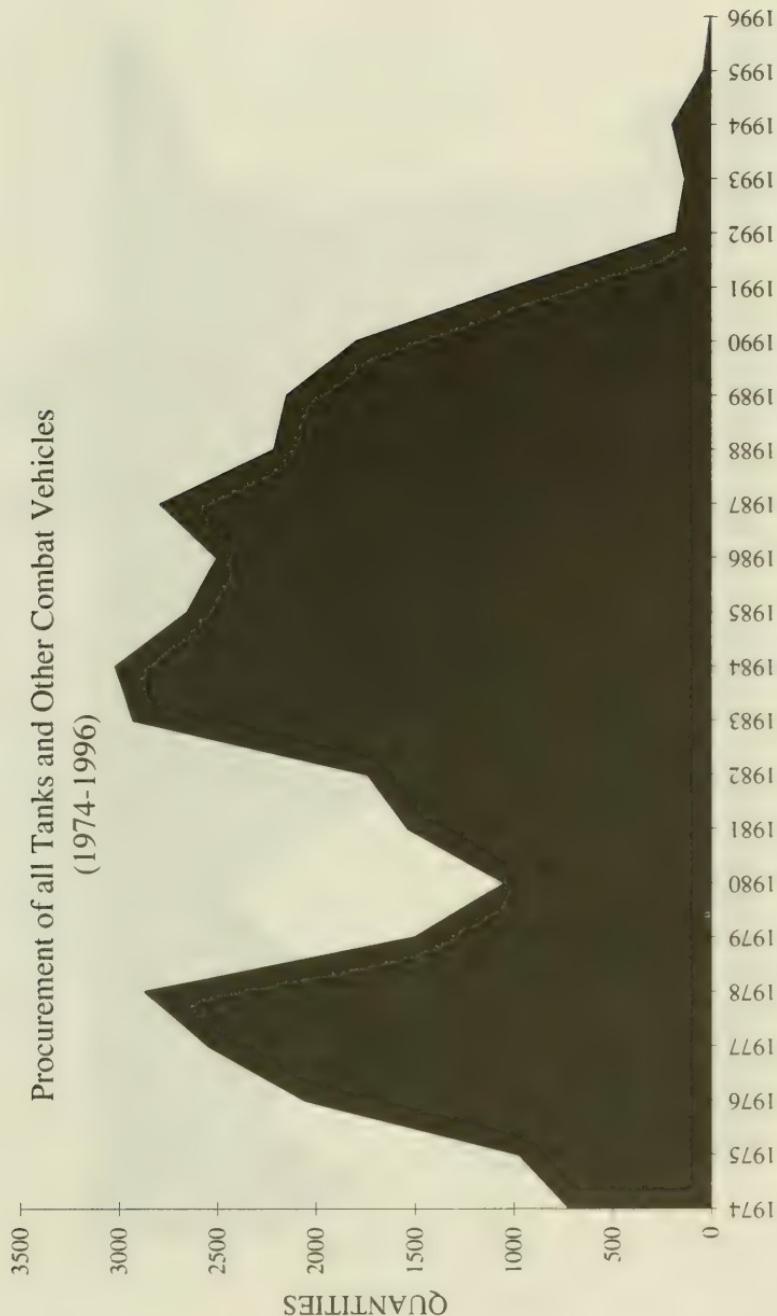
## DOD PROCUREMENT

- Fighter/Attack Aircraft
- Tanks and Other Combat Vehicles
- Missiles
- Ships

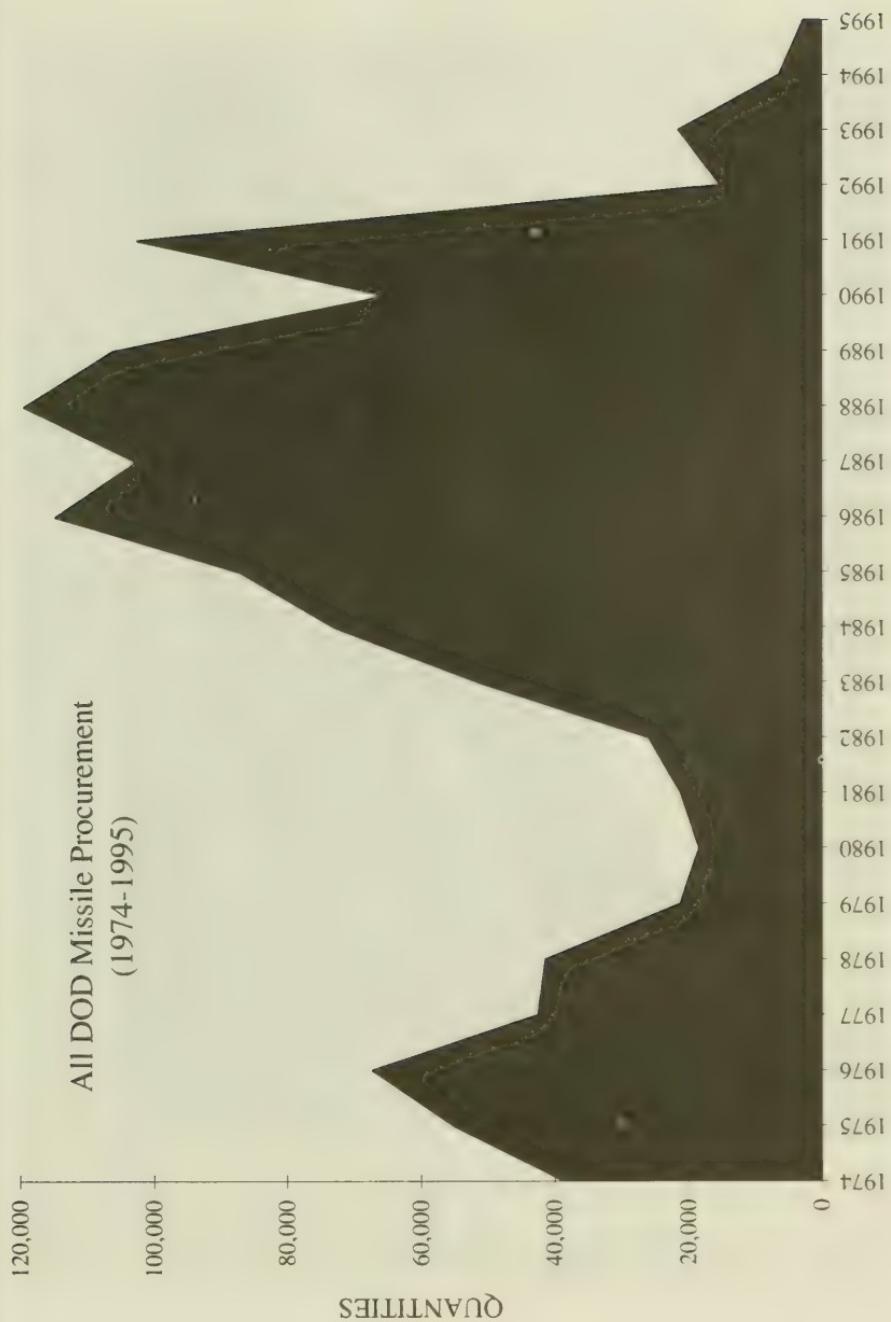
All DOD Fighter and Attack Aircraft Procurement  
(1974-1996)

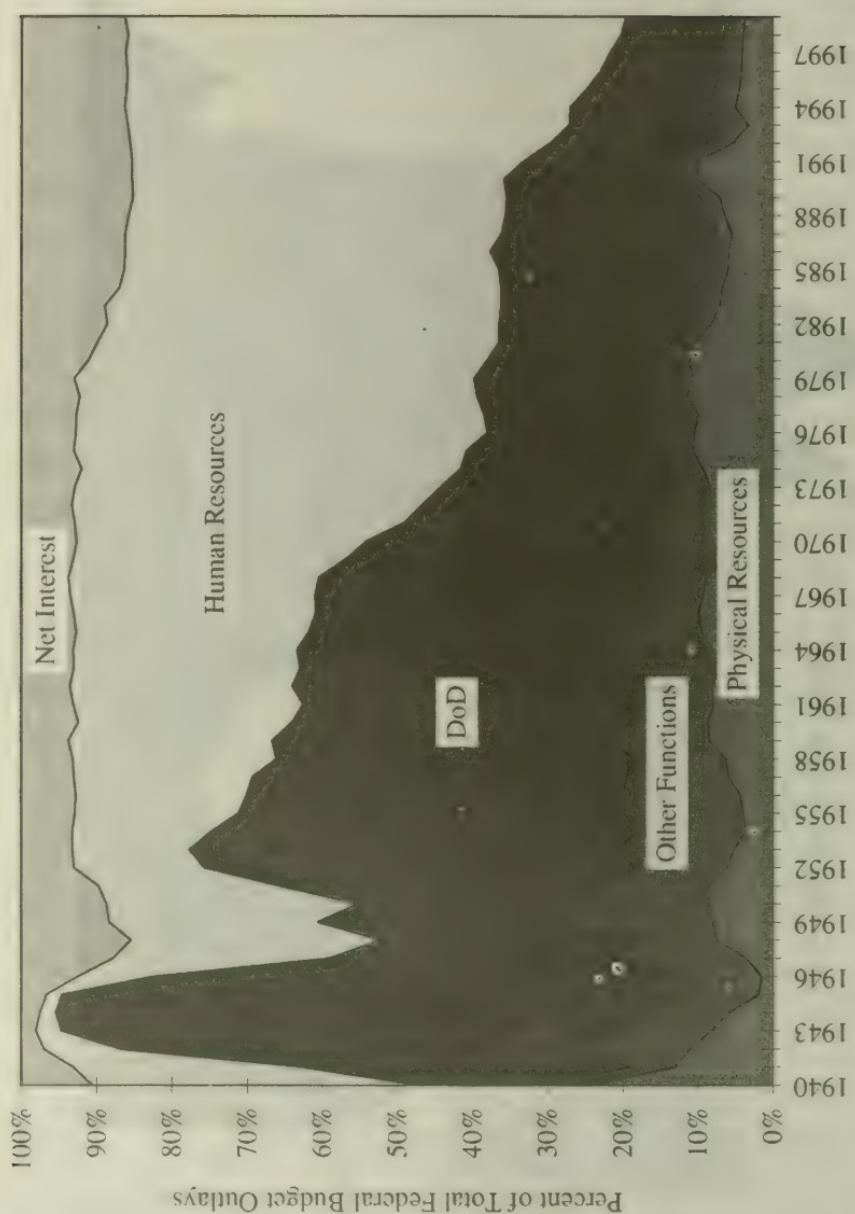


Procurement of all Tanks and Other Combat Vehicles  
(1974-1996)









**Average Age (Years)**

	<u>FY94</u>	<u>FY99</u>	<u>FY11</u>	<u>Comments/Assumptions</u>
<b><u>Army</u></b>				
Tanks	6	11	23	No follow-on to M1
Bradley Fighting Vehicle	7	11	23	No follow-on to M2/M3
Recon/Attack Helicopter	18	22	34	No Comanche procurement
2 1/2 Ton Truck	24	28	35	Econ useful life: 20 yrs
M109 Howitzer	23	28	40	Econ useful life: 20 yrs
<b><u>Navy/Marine Corps</u></b>				
Fighter/Attack Aircraft	10	10	14	<i>If</i> F/A-18 E/F proceeds
P-3 ASW Aircraft	18	22	34	No follow-on to P-3
USMC Medium Lift Helos	28	31	24	<i>If</i> V-22 Osprey proceeds
Attack Submarines	14	11	17	<i>If</i> SSN-21 proceeds
Surface Combatants	10	13	17	<i>If</i> DDG-51 continues
<b><u>Air Force</u></b>				
Fighter/Attack Aircraft	11	14	24	<i>If</i> F-22 proceeds
Airlift Aircraft	23	27	35	<i>If</i> C-17 proceeds
Bombers	22	25	37	No new procurement
T-38 Training Aircraft	26	31	43	No follow-on to T-38

We looked at fighter and attack aircraft procurement. We are going to build 12 of them in this country this year and they are all for the Navy under this budget which you are considering today. The trend has been downhill steadily. We are going to procure no new tanks. We are going to modernize some existing ones.

The tank and other combat vehicle category goes down to nothing. Missile procurement down to nothing. We are shy today of the kinds of preferred threat munitions necessary to meet a sophisticated threat. We see that. We worry. We see spending. Take the total Government spending—defense is tailing off and has been for a long, long time.

When we talk about affordability, it is really a question of what we decide, national leadership-wise, is affordable. Is a couple of percent affordable? Is today's less than 4 percent affordable? Is the 2.8 percent of gross domestic product a necessary amount? Is the higher amount that we felt was affordable before, really there if we want to properly equip our forces?

I guess I am beating around the real issue a little bit, but to me it is a broader issue than just which of these things do we buy now to get ready in the future? We do support current readiness as being absolutely essential. We also support balance if we are going to live within a constrained environment.

The CHAIRMAN. Mr. Sisisky.

General GRAY. I guess I was a little bit concerned, Mr. Congressman, when I read last spring in a report, U.S. News and World Report, by the beer industry that we consume more beer as a percentage of GDP than we do provide forces for the military.

I am a nonalcoholic beer person myself. So, I don't know whether I am in that statistic or not. This is sort of where we are coming at. There is a point in time where the thought process has to say, OK, how much is enough over time for all of the right reasons?

It goes back to this world leadership commitment and all of that. I am the eternal optimist. I think it is manageable. I think we have to really focus on it.

Mr. SISISKY. Thank you, Mr. Chairman.

It is good to have you distinguished warriors back with your friends on the Hill continuing your outstanding service to the defense of our great Nation. I think your candor and expertise will help immensely with our oversight responsibilities.

Admiral Trost, I have two questions; one, general to you, Admiral Trost, and one, personal to General Gray; may be a little parochial, but not to you.

You mentioned, Admiral Trost, that we have so much in the budget like environmental things. We hear this all of the time. Certainly I think it is wrong for the Department of Navy to be spending \$1 million a day at Guantanamo Bay. It should come from some other things.

The environmental issue is the one that seems to come up all of the time. We created the mess. Obviously, we have to clean it up. I don't know whether we want the EPA to do it. Obviously, it would be at more expense. That is something that is not as easy to solve as it is to talk about.

Certainly drug interdiction, we spent a little less than \$1 billion a year in the Department of Defense budget. Where should it come

from? I mean that is an open question. Having said that, I would just direct that to you.

General Gray, you were an innovator of our critically needed maneuver war training. In fact, I believe you developed and tested your maneuver warfare doctrine at Fort Pickett, VA. Mr. Chairman, I take this opportunity from a parochial standpoint because this is an expert witness to ask the following questions for the record. I may not get this chance again.

No. 1, would you discuss the importance of rigorous joint service maneuver training during these times of rapid deployment contingency operations? More specifically, from your personal experience, the importance and military value from a joint perspective, Fort Pickett, for maneuver warfare training and other critical joint service training.

As you know, the Army has recommended the closure of Fort Pickett, apparently, as they now admit without consulting the other services that rely extensively on its unique ranges and training areas.

That is my question to you, Admiral Trost, and to General Gray.

Admiral TROST. I certainly concur with your comments about the importance of taking care of our environmental mess. I am concerned at the magnitude of it. I am concerned that as we change our standards, we build ourselves a bigger bill.

I am on the side of the some of the environmentalists who say that we have to clean up those things which are a threat to our environment and to our people, but there are some things that would be best covered over and let go for awhile because it is not cost-effective, nor is it protective of society as a whole to fix the problem.

Having said that, still, I wish we had the focus on environmental purity that we have today throughout the operations over the years. As a matter of fact, I wouldn't be wearing hearing aids today if the Navy had a hearing program when I was a junior officer.

There are a lot of things we can look back on and say, gee, wouldn't it have been nice if. I can bemoan some of the expenditures that I talked about. Congressman Dellums' comments, for example about the diversion of funds or the use of funds.

One of the diversions of O&M account money went out to California after the earthquake. I didn't bemoan that at all because the hotel I routinely stayed in for business out there was 2 miles from the Epicenter and I was glad to see the place being cleaned up. It had a tremendous disruptive effect, but the money came and then had to be taken out of hide.

It was a diversion actually of funds that had been earmarked as part of the 1993 Base Closure Commission. We can challenge things that we don't like. That doesn't mean we find them non-essential.

It means to me merely that I don't like to see defense spending masked by having things that shouldn't be in the defense budget put in that budget. It makes it appear to many people that everything is all right when, in fact, we are on a greater decline than is obvious.

General GRAY. With respect to Fort Pickett, I was very concerned when I read that that magnificent training place is going to be put

up for grabs here or is a candidate for the closure. We haven't had responsibilities for many, many years from the 1970's all the way through to 1987 when I came to Washington for organized training and equipping warriors east of the Mississippi and all of that.

When you look at this from the joint standpoint, if you were the Commander in Chief of the Atlantic Command and the contingency forces today, you would look at where you could train and where you can conduct those coordinated and combined operations that one must do.

You look, of course, you have got the sea. You have got Fort Bragg. You have got the Camp Lejeune complex. You have some smaller places like Oak Grove, Fort Stewart, and the like. Fort Pickett can be central to all of that. We made it central during my watch.

From 1981 until 1987, we developed the maneuver warfare thought process and those doctrine and tactics that were used later in the gulf war. The breakthrough in Kuwait by Marines was a direct reflection of that.

The so-called flanking movement that General Schwarzkopf executed and the follow-on studies at Fort Leavenworth and elsewhere and talking about all of this in the joint arena had much to do with that evolution.

At Fort Pickett, you have got different terrain than you do at Fort Bragg and at Camp Lejeune and at Paris Island. Warriors need different terrain. Down at Camp Lejeune, they don't even read the map. They simply go out to checkpoint so-and-so or this corner or that corner. So, you need to put them in a new environment. You need to put them in there at night and let them operate at night. You can do that around the Fort Pickett complex because you have got a very friendly community.

You have got a great airfield. We trained 82d Airborne folks and Marines and Air Force people from Shaw with great regularity there. I think when I look at the small investment, vis-a-vis the potential, I would hope that on the other side of the river somebody puts a little more thought into that one.

Mr. SISISKY. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentleman from Rhode Island, Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman.

I would like to join with my colleagues in thanking our distinguished panel for their long service to this country and thank them for their testimony today. I am interested in hearing from the three of you about your perspective in the wake of the cold war and in the wake of our ability as a nation to define our modus operandi by stopping the advance of communism or checking the Soviet threat.

In the wake of that, when we are not sure how we are defining our threat, other than it is a destabilizing force in Bosnia, or it is starvation in Somalia, or it is geopolitical turmoil in Haiti. Understanding that, and understanding that our military is constantly being called to meet these destabilizing threats, and we constantly hear how the money to pay for that comes from the readiness accounts, how do you feel we ought to budget for what are those unpredictable threats?

Do you, in your own view, consider those kinds of threats that I have just mentioned as threats to our national security? If you could address those subjects.

Admiral TROST. Well, since you have given me a blank check to define national policy, I'll take part of it. I do consider any politically destabilizing act or anything which threatens us, our friends or allies' economically and militarily to be threats to the United States.

We are the remaining world power. We are the only world super power today. If we feel our interests are threatened, then we have no option but to maintain the necessary capability to counter those. So that instability and the demands of that instability should be the basis for our future national military strategy.

Clearly, it has been a major shift in the minds of almost anyone associated with the military or with national security policy over the last several decades. It is very clearly a major shift and one that will change the structure. We are driven today to have a force adequate in size and capability to respond to whatever national tasking evolves.

We are also still in a position of maintaining a certain forward presence to deter the occurrence of such events and that, in itself, demands a certain base force level just to provide for the rotation so that you don't wear out totally your people, most importantly, and your equipment while you are doing it.

I think the current emphasis on what the threat is, is accurate. Therefore, the issue is how much are you willing to pay to support it?

Mr. KENNEDY. Let me just follow up just after your comments. We constantly hear that some of these missions, while they are trying to address this destabilizing fact of peacekeeping, are operations other than war or somehow deviate from our military's mission. Like there is something that we shouldn't be spending money on. I would ask you to tell this committee what your view is and how do we budget for those things? Do we look at them in a vacuum like they have no relevance to our national security?

It seems to me from the testimony, and we have gotten quite a bit of this testimony, that it is bleeding our strength because we are called to these contingencies. Yet, these contingencies seem to be the model of the day when it comes to meeting our national security demands.

Admiral TROST. Let me use drug interdiction operations as an example. Clearly, drug interdiction is vital to U.S. national interest. So, we have a valid mission. The forces for those operations come from the same forces that are forward-deployable on a rotatable basis. If, for example, one uses the Eyes in the Sky, a Naval E-2C or an Air Force AWACS, yes, those airplanes are flying so the flight crew is getting its proficiency flying.

The people in the back are not controlling other aircraft, doing threat definition or other things that they might have to do off a hostile coast and have to be trained for to be ready. As I noted earlier, the evolving threat is every bit as sophisticated as we faced before because it is coming from the same sources.

There are degradations to training. As compared to the training, we would like to see to keep those forces fully combat ready. There

are some advantages in keeping them operating. The fact is that we do have to stand down other training operations and cut short on some other real world operations in order to pay for them.

How do you budget for it? I have watched over the years as Congress has wrestled with various Secretaries of Defense who wanted their own contingency fund so they could cover that kind of thing. Congress has never willingly loosened the purse chains. I don't see that happening today.

If there were an agreement, obviously unenforceable that there would be rapid response to a major contingency. Therefore, the funding would be reimbursed, if you will, or provided to the degree necessary to avoid some of these deleterious standdowns, that would be a step in the right direction. That is probably the most optimistic thing I could look forward to. I am not very optimistic about that.

Mr. KENNEDY. Thank you very much.

General RISCASSI. Clearly, you have got a dilemma. We have optimized collectively the structure to ensure that the maintenance of our world status is secure and that we can be responsible to strategic vital interest areas to the United States and mutual defense PAC's and all of that collective understanding of what says that we pay attention to what is going on in a worldly fashion to ensure that the security of the United States is maintained.

The most likely things that have happened, that have crept up, have been peacekeeping, peace enhancement, operations other than war. It would be a mistake to attempt to optimize for the lower end of the spectrum of warfare; operations other than war, in my estimation.

Clearly, the majority of the skills associated with optimization at the higher spectrum of warfare, if I can use that analogy in terms of the MRC's, a large percentage of it can be, in fact, useable from a service standpoint in peacekeeping, peace-enhancement operations.

The problem then comes in, in funding and then the rotational patterns that you set up. Because we have never set out an adequate exit criteria to extricate ourselves to these lower operations, if you will, it then creates one there, one in the queue and one returning. So the demand on the structure is significant to the point that it just cannot be entertained within the core competencies of a department's budget.

Admiral Trost's notion to some type of a kicker, if you will, would probably go a long way from the Department's standpoint. I can't add any other management scheme other than that. I would support what you have heard. If you look for a one word description, as we all know the cold-war strategy was containment.

The new one-word description in my judgment is stability. We seek stability around the world for all of the right reasons; global interdependence and all of the many things that you gentlemen are very well informed about. We play in this global arena.

During the period for World War II until this morning, for example, we were involved in nearly 300 of these so-called operations other than war that had nothing to do with the fight in Korea. It has nothing to do with the long involvement in Indo-China and Vietnam.

There is a paradigm there, particularly as I mentioned earlier in the maritime services, in the sea services. In the 1920's and the 1930's in the banana wars and deployments, we had the Small Wars Manual. Today our Commandant has not only dusted that off, but more importantly, Small Wars Manual II is about to hit the street for some operational tactical thought processes and the like.

These operations abound. It is difficult. It is difficult for the American people, therefore the Congress. It is difficult for the leadership, regardless of administrations to fit these in with vital national interests which has long been a benchmark.

Really, what you see emerging are maybe three kinds of interests. You have go the vital national interests which are fairly well understood, straightforward. Then you have go the vital national interests of our allies as well. Then you have got these other national interests which are important. They are very important; stability in region. It is very important.

Stability in Indonesia is not something one talks about every day, but if you look at the world resources or the mineral resources of Indonesia, then one at least thinks about that occasionally.

Then you have got the humanitarian interest in all of that, which we, whether we like it or not as Americans, we are involved because that is sort of the way we are. These operations have to be conducted from time to time and they will be, in my judgment, in the future.

I think a way to do it would be to set aside a reserve fund for that, a contingency fund if you prefer. What I would say to the Congress, because of the proper concern of that kind of an idea, is do it like you do in war fighting. In a strategic campaign or an operational level campaign, you have a strategic or an operational reserve. You, as the commander, can commit that one or two ways.

You can tell them to go or you can commit it with a string on it, which means you check with me before you commit that reserve. The beauty of that would be you still play the role, but more importantly, you can measure the in-state and all of that kind of thing. Make the Pentagon do their homework and you do it as well over here.

You get a better fix for what you can do and what it is going to cost downstream and plan accordingly. That way, you don't take the existing O&M or other funds which causes the turbulence that General RisCassi alluded in his opening statement. I think it is manageable. It just takes some folks like you to make it happen.

The CHAIRMAN. Mr. Dellums.

Mr. DELLUMS. Thank you very much, Mr. Chairman.

First, General Gray, I would like to compliment you on your latter comments because, and I am sure that is what the gentleman from Rhode Island was alluding to, because in the testimony that we received from active duty commanders and chiefs, et cetera, what they have pointed out is that the glitches in readiness have been directly attributable to unfunded contingencies where they have to go to the O&M funds in order to fund the operation and then come back to Congress with reprogramming or emergency supplementals and hope that the Congress, in a timely fashion, will reimburse those funds so that they can move forward.

I have always thought that it was terrible government to spend so much time preparing assiduously a budget and then based on what is, in effect, an unfunded, a contingency out there with no dollars, that you then go into the budget because we either lack the will, the wisdom, or the courage to put a line item in the budget called contingency funds for operations other than war or peace-keeping because many people on both sides of the river have resisted that.

I think your testimony is significant in that regard. Second, I wanted simply to say to you, admiral, that my question was not designed to engage us in controversy. I simply was trying to understand what the assertion was and hopefully, so I could take correct note.

Admiral TROST. I understand.

Mr. DELLUMS. On February 1 of this year, General Shalikashvili issued the following statement that I would like to read in part: "The Joint Chiefs, the CINC's and I have concluded a 2-day conference where we discussed, among other things, our ability to execute our national military strategy. In particular, our capability to fight and win two nearly simultaneous major regional contingencies. We are in agreement that the force levels and other capabilities recommended as a result of the Bottom-Up Review are sufficient to support the objectives assigned to the Armed Forces by the President's National Security Strategy, including execution of the two MRC strategy."

He went further: "That consensus is supported by a variety of analysis, computer-driven modeling efforts and seminar war games. Our review substantiates that. As long as planned enhancements and service modernization efforts materialize in a timely manner," that's their caveat, "our Bottom-Up Review force will remain capable of fighting and winning nearly simultaneous major regional contingencies against projected threats in the years ahead."

Now, that is the Chair of the Joint Chiefs of Staff in a 2-day seminar with other CINC's. This morning our distinguished chairman in the context of his remarks said, "However the dramatic reduction in force and essentially nonexistent modernization programs and continuing raids on various readiness accounts, to fund unbudgeted contingencies have called into direct question the ability of the United States to successfully prosecute one MRC much less two."

That is in direct contradiction to what these gentlemen have said. Then you also have in your recommendations come to a very different perspective as well. You state in your report conclusions and recommendations with respect to force structure. "Force structure proposed by the Bottom-Up Review are insufficient to meet the Bottom-Up Review objective of fighting and winning two nearly simultaneous major regional contingencies."

This, again, is in direct contradiction to the statement that I read made by the present Chair of the Joint Chiefs and the CINC's, who I am assuming are as equally concerned about carrying out the national security strategy, maintaining the integrity of our posture in the world, the health, safety, and welfare of our American troops have come to a very different conclusion.

Then, on top of that, although you don't come to any dollar numbers, you articulate there is a need for an increase in force structure in order to do it; an Army force level of 12 active divisions supported by 15 enhanced readiness brigades from the National Guard.

We extrapolated and we figured that to be over the several year period, \$18.1 billion in costs. You went further and said, a Navy force structure of 13 deployable carriers and one dedicated training Reserve carrier. We added all of that up, surface, combatants, wings, et cetera, \$13.1 billion.

Then you went further. An Air Force structure of 25 fighter wings, 16 active, 9 Guard and Reserve, bomber force of 184. We laid out the increase and we came to \$5.2 billion. A U.S. Marine Corps force structure of 3 active divisions, air wings with active end-strength of 194,000 supported by one Reserve division, et cetera, et cetera. That is an increase of 20,000 in end-strength. We figured that to be about \$3 billion.

Now, we are up to some significant money. That comes to about \$39.5 billion. \$39.6 billion. You add into that you recommendation that another \$4.6 billion for a full ECI pay raise for military personnel, now you are significantly over \$40 billion, around \$44 billion.

That doesn't include whatever increases will come as a result of your recommendations regarding ballistic missile defense. We don't know what that is. We just note that it is now over and above the \$44 billion that you—

Mr. SISISKY. Would the gentleman yield?

Mr. DELLUMS. Yes.

Mr. SISISKY. Is that over 5 years or 1 year?

Mr. DELLUMS. Over a 5-year period based on their review; 1996 to 2000.

So, you add in whatever increases that you are advocating and that goes above \$44 billion. Civilian pay increase, you add that. That's above that and the \$44 billion. Put that money aside. In your previous remarks you said, the Bottom-Up Review is insufficiently funded.

You alluded to the testimony that we received before this committee that placed that at somewhere between the low end of \$47 billion and a high end of \$150 billion. We pick out some figure in between that \$47 billion and \$150 billion to make the Bottom-Up Review have some integrity here.

You then have added \$44 billion, plus a possible civilian pay raise, plus increases in ballistic missile defense above and beyond that figure. Now, we are talking huge dollars over the 5-year period at a time when the Soviet Union has dissipated. The Warsaw Pact has vanished off the radar screen, incredible opportunities to move toward relationships, security arrangements that were incomprehensible a few years ago, against a backdrop of other tragic priorities. Everyday we read in the paper, children's nutrition programs cut, poor people's programs cut, environmental efforts reduced.

You mentioned balance. That in the context of the national political discussion, we need to decide where that balance is and what those priorities are. My question to you, based on this is, Where is the balance?

At a time when the cold war is indeed over, we are spending almost as much as every other nation in the world combined on our military budget. You and I know that if you add in our allies in Europe and Asia, that is over 80 percent of the world's national security expenditure.

This means that even a potential adversary out there is spending, when you put our coalition together, less than 20 percent of the world's funds. How do we then, on that basis, increase our military budget at this particular period in time?

What lies out there that you see that requires that we go up to these much higher levels? My second question is, How do you arrive at a conclusion that says we can't fight? The chairman says we may not even be able to win one. You say we can't win two; our Chair of the Joint Chiefs of Staff, also equally a distinguished service person. I am assuming that we all stipulate that.

The CINC's, who are equally distinguished human beings, we would all stipulate that, have come to a very different conclusion. They do have a caveat; enhancements and modernization in a timely fashion. We all know that there are risk calculations in all of these factors. They come to the conclusion that you can do it.

My question is, Why do you come to a different conclusion? The second question is, How do we now justify going to a bigger dollar amount in a world where most people perceive the need for us to start moving down and be able to handle our role in the world in a post-cold-war environment without having to increase the top line of the military budget?

The CHAIRMAN. I thank the gentleman for his questions.

Mr. DELLUMS. Mr. Chairman, I reserve the right to be the ranking member. I am going to try to carry that out as expeditiously and intelligently as I can. I just wanted to lay out the issue here as clearly as possible.

The CHAIRMAN. The gentleman has the right.

Mr. DELLUMS. Thank you, Mr. Chairman.

Admiral TROST. Mr. Dellums, I thank you for that dissertation. My response would be in part that we, too, had the advantage of being able to be unfettered in our analysis and judgment of those things we were asked to look at. I think most basically, I should note, that our tasking was to take a look at the existing force and the existing national security statement of policy and determine whether in our judgment those forces were adequate today and in the future and if not, why not?

We did that based on the understanding that those various things which are caveated in the statement you read have, in fact, not taken place. I can't speak to the war games since we weren't privy to any of the classified data as retired officers.

I don't know what assumptions they made. I don't know whether they, as many have, said well, all of these things that I dreamed about are already there or are they talking about today's stocks? General Gray and I specifically have been partners in a war game where the biggest problem was that nobody took into account that you couldn't drop that many things or shoot that many things because you didn't have them.

They sounded good when you were unconstrained in a war game and just kept shooting away ad infinitum, but they didn't exist in

the real world inventory. We weren't buying them. I don't know that this was the case. I just point out that there could be differences in how one looks at it even with sophisticated war gaming.

However, we looked at what was there, what was the capability. We noted the shortcomings, both in the failure to fund the things that were a part of the initial assumption and also in the total force levels which would be required in the event that we had these two major conflicts and had to engage forces, and had no Reserve, if you will, for rotation.

We then said, here is what we would postulate would be necessary. We have not, as we stated repeatedly, tried to build the forces or come forth as advocates for greater forces. We think they would be necessary to carry out this strategy as we think it is necessary to overcome this shortfall in current funding for the projected force.

I don't know what the right number is. Is it 49? Is it 150, 180? I have no idea. That is less relevant than the fact that we are declining in capability because we are under funding what we have stated as a national requirement. To us, to add on before you fix would be irresponsible.

We do think there are things that need to be fixed. Yes, they will cost more money. They will cost something more than probably 2.8 or 3 percent of the gross domestic product on a sustaining basis.

I think all of us who have served for an extended period of time in the military also have seen so many ups and downs in military spending. When one looks at the nice rationalized curve, it is almost a straight line for military spending over the years. Sometimes we are good. Sometimes we are not.

That is why we advocate stability in force levels as the first elemental basis for doing anything because we think we can maintain a credible military capability at a much lower than average expenditure if we just settle it down. Decide what we need and provide the funding for it and keep it steady.

The world's posture politically and economically isn't going to change over the next decade or the next two. We have seen enough of that to know that there always will be these kinds of things that demand interjection, if you will, of military capability by a world power.

If we accept that as a premise, then we fund on a level-stable basis a level-stable force which has been determined to be the right force. I can't tell you what goes into the judgment of the chairman and his CINC's. They are most worried about today's capability because their job is to react today to whatever comes up. We are concerned about today as well as tomorrow. I know they are, but that is not their principal focus.

Mr. DELLUMS. Thank you. Mr. Chairman, could I—

General RISCASSI. Mr. Dellums, before you leave that, a couple of observations for you. The caveat is all important because that was endemic in the force when we all agreed to it when we were on active duty.

If you buy the caveat, and you understand the assumptions that went into the war games, Nimble Dancer and we are not at a tolerance with what the chairman said, nor is he out of tolerance with what we have said.

General GRAY. I think this is a key point—war games and they make some basic assumptions. One is that all of our plans come to fruition. Therefore, we will be modernized at a certain level. We will have certain capability. We may or may not have Comanche and the like.

They are always scenario-dependent. There are a couple of concerns. There is a \$2.5 billion, almost a \$2.6 billion shortfall, yet to be funded for contingency deployments in 1995. So that is going to whack away a little bit; reinforce, if you will, the caveats.

I think the key point here is, and take for example, the Marines. That is the easiest. There is no change in the Marine force structure. There is a change in end-strength as the Congressman well knows.

The \$174,000, the difference, the \$20,000 exist whether you have a war or not because maritime forces deploy. That is the rate and the like. I am sure General Mundy was very clear in expressing to the committee how many of his people were deployed and how more are deployed now than normal and all of that type of thing.

So, 194,000 is to give you the capability to have a 90-percent manning level of a force structure of about 220,000 which is the structure of three division wings on active and one in the Reserve. Other services have different forms of measurement. The key here is that, and I believe I said too, sure we can win.

The unified commanders can come up with theater level strategies which will ensure victory. It may very well not be as clean as we would like. It may take a longer period of time. Certainly, you are going to have to economize in force.

When we played the Joint Chiefs war game in 1988, when we had cold-war structure, the mission was to go to Korea. There were two or three other hot spots around the world to keep a weather eye on; a little bit of Arab-Israeli confrontation. The Soviet problem was still making noise and all of that.

We used the Nation's airlift, including CRAF to get everything into Korea. We got it there. There was so much there, they couldn't use it all right away. There was nothing left for those other contingencies.

The commanders understand that. The commanders recognized that maritime power can handle a thing over here for awhile, while the focus of main effort goes over there and all of that. I agree. I don't think there is a dichotomy here. It may look like that to the analysis and so on.

We are really all cut of the same cloth. We know about this warfighting business and so on. Sure, you can get it done, but it is going to be harder. The key again is the readiness. We did not, we are not seeing the modernization that was the second part of the promise.

Mr. DELLUMS. Thank you, sir. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

I guess I should try to answer that a little bit too since I made statements along those lines in my opening remarks about fighting one MRC.

I think the problem we have is, and I can't really find a whole lot wrong with what the Chairman of the Joint Chiefs said, if you

really analyze what he really said, and what is more important, what he didn't say.

In that statement that you read off, Mr. Dellums, he didn't say anything about caveats. You did yourself later on.

Mr. DELLUMS. No. He said very specifically.

The CHAIRMAN. That makes the point even better. That's what I was going to say. Even if he does say that, you have to understand—

Mr. DELLUMS. He mentioned planned enhancements and service modernization efforts materializing in a timely manner. Those were the caveats that we eluded to.

The CHAIRMAN. He said recommended by the Bottom-Up Review. Of course that is the same thing. That is the point I want to make. Saying that you can do these things is one thing. Saying that you have the equipment and the forces to do them is something else.

The caveats that we are talking about I think, you answered your own question when you referred to those also because one of those caveats is whether or not we have the capability of lifting the force to a second MRC at the same time or nearly at the same time. We might have the equipment and the force, but getting it there is something else. That's the only question I have about all of this. I think that's the main problem we have to sort through.

It is the qualities, the enhancements and the caveats that people use when they say, we can do it. Certainly, and I agree, that our military leaders can salute and say, yes, sir. We can do it. But they always say, if and that means enhancements, caveats and all of the rest. That is my big concern.

Mr. WELDON. Mr. Chairman, will you yield? Will the Chairman yield on that point?

The CHAIRMAN. If you think I need to, yes.

Mr. WELDON. Mr. Chairman, I just want to add, since we have been quoting General Shalikashvili, if you look at the report prepared by our distinguished panelist here, they also provide two quotes from General Shalikashvili in the Senate Defense Appropriations Hearing of March of last year where he talks about the adequacy of his thinking.

For those who think we are cutting too much by saying the two capabilities, we must improve and maintain our readiness which is what the Chairman is saying. He further says that modernization is tomorrow's readiness. That was March of last year.

This year's defense budget cuts \$9 billion out of what he was testifying to in terms of last year's modernization requirements. That's the dilemma that we are all talking about.

The CHAIRMAN. Mr. Longley.

Mr. LONGLEY. Thank you, Mr. Chairman.

General, I enjoyed your testimony. I can't help but recall that in 1979 when I was a first lieutenant down at Quantico, I interviewed to be your aide. You might recall Col. Wesley McKee, a mutual friend of both of ours.

In fact, I would postulate that our preparation for Desert Storm even went back into the late 1970's with the development of Twenty-Nine Palms and the Air-Ground Combat Center.

I mention that to just point out the fact that our preparation for that conflict really span two, maybe even three decades. I would

like to interject another thought, particularly in view of Desert Storm 4 years ago.

I will offer it this way. Whether you agree or disagree with the hypothesis, I would appreciate it if each of the members of the panel could address the issue that I am seeking to raise. It has been my belief that our diversion of forces to Kuwait in the fall of 1994 was attributable to an assessment that was made of our capabilities resulting from the commitment of forces to Haiti.

Whether this is true or not, or can even be established, my understanding of our deployment to meet the perceived threat in Kuwait was that we didn't adequately respond or we didn't demonstrate the same type of ability to respond in 1994 that we had demonstrated in the fall of 1990. In light of that situation, I also note by the way that the McCain report focused on the fact that Desert Storm was the first conflict in American history that we were prepared for.

Nevertheless, it still took us 6 months to marshall the resources that we needed in theater in order to execute our victory. My concern is that a big lesson of Desert Storm and maybe even a lesson of last fall is that if you are going to deal with the United States, don't give them the time to mobilize.

In light of what I have just offered, I want to just add another bit of information that was in this morning's news that the Iranians have now placed 8,000 troops on the islands in the Straits of Hormuz with chemical weapons, with antiship missiles.

There has been a significant amount of discussion about the threat that that poses to tankers. I would like to ask your professional opinions as to, would we, given the current state of affairs, both strategically in the Middle East in terms of particularly the new presence of Iranian Forces, combined with our airlift and sealift capabilities, how difficult would it be for us to execute a second Desert Storm? Do we have the capability of defending our interest in that region?

General GRAY. I bow to the wisdom.

Admiral TROST. I had the disadvantage in my view of retiring 1 month before the events in the Middle East were kicked off formally by the invasion of Kuwait. I think we tend in this country to forget that at that time, we had a full fledged, in essence, cold war military posture. We still had a large Army.

We were building the 14th Air Wing to man the 14th Active Carrier. The Marines were at the strength that General Gray now dreams about. We had 6 months of buildup time as you noted in an area that had port facilities, airfields, fuel availability, and all of the other nice things in theater that one would like to have available in a situation like that.

We have neither the forces nor the level of political access in my view today that would let us take such advantage. We also don't have the luxury of 6 months to go out and charter ships to add to our own inventory to haul things rapidly to a potential conflict area and provide for the buildup. I think we would have great difficulty repeating what happened then. I also think it would be unlikely to enjoy the luxury of the time that we had then in any future contingency.

Mr. LONGLEY. Any others?

**General RISCASSI.** I guess it is a part of the time-distance problem associated with that part of the world. I think you put your finger on an issue. It is endemic in the MRC scenarios. If you can control time, then you can make the numbers associated with the force structures say the right thing.

Said another way, I thought the August response, if it was in the August timeframe this past year from CENTCOM in the situation that developed there, was excellent. I thought they marshalled their command and control element. They got the right people over there at the right time. I think it had the effect that you desired at that point in time.

The fundamental question is, do we have enough assets to make time management say the right thing as we are trying to execute our forces around the world? If it does say the right thing, is the National Command Authority equipped to make the proper decision in a timely fashion to get the forces there at the right time?

From an intelligent standpoint, you always can use more. It always can be better. I think that you are getting a pretty representative picture around the world. Time management, if you are reading it properly, is implicit in the establishment today. Then the question is, in your scenario, can you get one MRC? Absolutely.

Now the question is, am I going to have the luxury of 6 months or is it going to be a month and how much is enough? Those are all questions that I think are left on top of the table to be serialized by the on-scene commanders.

**Mr. LONGLEY.** General.

**General GRAY.** Yes, I think you could win a Desert Storm, but it would be in my judgment a different strategic deployment and a different operational level thought process and it would be harder. Given the forces that are postulated and the capabilities and the like, and assuming the Iraqis, for example, continue their attack, then I think in all probability they would take Bahrain, Al Jubayl, and perhaps even Dhahran. So, you would have a different kind of an entry point, a different kind of a strategy emerge.

You would have to start fighting much earlier, particularly with your maritime power and your airpower to slow the advance, disrupt, and the like. You may have to make greater use of Oman and all that type of thing. This is all scenario-dependent.

These are the kind of differences that one would throw out. The infrastructure remains very good in the Saudi Arabia Peninsula and the like. We do have that benefit. Again, if some of the northern ports are lost, then one would have to think of a different approach; probably a second front coming out of the Eastern Mediterranean making use of Turkey; a lot of variance that one would have to crank into the strategic thought process.

Certainly the use of the gulf with the Iranian threat would be much more risky which would mean you would have to entertain the idea of eliminating that threat as well. I think your hypothesis, at least the thoughts that are mixing around in your conclusions and the like are very proper to think and worry about these kinds of things.

We could not for the aforementioned reasons execute Desert Storm the same way. If you had less buildup time, it would be

more difficult and require a different kind of an operational strategy and the like.

Mr. LONGLEY. If I could just ask one followup question. To what extent would your thoughts about this dictate significant changes in the force structure that we would need to bring to bear to deal with the problem?

General GRAY. I still teach at the Joint Flag Officer Course at Maxwell a couple of times a year; campaign planning and the like. We use the Southwest Asian scenario simply to save time so that we don't have to teach people about a whole new country and all that kind of thing.

We play this thing in the 1996, 1997, 1998 timeframe and so on. We do pretty much what I suspect Shali and the others did. We assume the modernization. We assume the plan. We assume a certain amount of prepositioning in Kuwait. We assume certain other prepositions in Saudi Arabia and all of that type of thing.

When we do that, it kind of usually unfolds about like I outlined. We do loose the northern part and this and that, but we eventually come back and we win and all of that. What the group really, I think, wanted to reenforce today and in the report was if we can somehow stabilize this structure as it or near what it is now, so that we begin to focus on fixing that, making that a little better which is consistent with everybody's desires. Let's take care of the warriors a little bit better.

Let's do some of these things. Then begin incrementally to have a balanced modernization effort which begins to give us that longer term readiness and preparation. A balance doesn't mean 10 percent, 10 percent, 10 percent. Balance means a very carefully thought through campaign plan, account by account.

Talk to the chairman. Above all, talk to the people who are still responsible by law, the service Chiefs, and see what their priorities are. If you talk to your Commandant, he would say, my No. 1 preparation readiness requirement today, modernization requirement, is the V-22.

He simply must replace the aging 46 helicopter fleet which can no longer conduct its assault mission. On the ground side, he would say, I need the new advanced, high speed amphibian vehicle because I have got to complete my triad with it—Osprey—air cushion, and the high speed amphibian.

Today's assault amphibian vehicle has already been SLEP twice. It is at the end of its 20-year guesstimate period. Each service chief spends his whole adult time these days worrying about those kinds of things. I think that is the approach that I would take.

Mr. LONGLEY. Thank you, sir.

The CHAIRMAN. I thank the gentleman. I have another marine for you, Mr. McHale from Pennsylvania.

Mr. MCHALE. Thank you, Mr. Chairman.

Good morning gentlemen. I want to commend you and Senator McCain on the preparation of what I think is a very fine report. General Gray, it is particularly good to see you again.

General GRAY. Thank you, sir.

Mr. MCHALE. My first two questions can be answered in detail with a written statement for the record. Did you hire Jim Longley as your aide? If not, why not? That can be submitted for the record.

Mr. LONGLEY. I was going back to law school.

General GRAY. One takes what he gets and makes what he wants.

Mr. MCHALE. Gentlemen, if I can summarize the gist of the testimony that we have heard during the past 2 hours, and I hope to do so fairly. If I mischaracterize in my question the thrust of your testimony, please do correct me.

Based on the current allocation and availability of resources, do we in fact have a two MRC strategy of fight one, hold one? Does that accurately characterize not the theory of the Bottom-Up Review, but our current war fighting capability?

General GRAY. I would say that is a very good description of what certainly should be considered if you want to accomplish your ultimate end state in both regions and do it with a minimization of casualties and the like and otherwise losses of resources.

I would say that is probably closer to reality. More importantly, I know certainly if I were in a position to influence the thought process these days, if the American people could understand that and would support that, I would encourage that. That would make life much easier for a commander in chief of a theater.

Mr. MCHALE. Admiral.

Admiral TROST. I would agree. Your comment more nearly characterizes what I see as today's capability. I think we have to face up to what we have. I am constantly reminded of a statement that I heard from a former national security adviser some years back who purportedly told the President that it is as important to know what you can't do as what you can do to make sure you don't step off somewhere and suddenly find yourself dangling. I think that's the message I would leave with the American public today.

Mr. MCHALE. General.

General RISCASSI. That is a true reflection of what we have.

Mr. MCHALE. General Gray, in August 1990, you were the Commandant of the Marine Corps during the early days of Desert Shield, as you recall I am sure quite clearly. Then Colonel Fulford, now Major General Fulford, deployed with the 7th Marines and the 7th MEB and quickly introduced into theater.

Following up on earlier questions with regard to theater missile defense, using that perhaps as an example, but a similar scenario could easily be constructed with regard to the Korean peninsula.

What affect would it have on our early deployment of MPF sustained forces in the theater if an aggressor were to take out key port facilities, let's say by the use of weapons of mass destruction, chemical weaponry, during the early stages of echeloning forces into theater?

General GRAY. Well, it would have had a very, very serious impact on the way Desert Shield unfolded. For the maritime forces, somewhat less, but still severe in that you can continue to off-load your maritime prepositioned forces and amphibious capability and all of that type of thing.

For the forces that came in to support the Air Force and the Army as well as the British forces and all of that which were dependent upon using the ports and air facilities, it would have been much more difficult.

You would have probably had to, in many ways, carve out through forcible entry and assault operations the necessary wherewithal to bring on the followon or the heavy forces. This, of course, is an operation that is very familiar with you, with your background, and anybody that has studied World War II, China, and the like.

It is a key point, though, because in many of the areas of the world where our military forces may be called upon to fight or operate, in the lesser developed countries and regions, the infrastructure that is there today is very, very weak. When one travels in these countries as you do and as I do, I see that infrastructure cracking.

You are not going to have the air fields and the port facilities, all of that type of thing. Our strategic thought must consider to have that balance; having that ability to go in when you have a permissive environment and invited in like in the Saudi Arabian case, and a capability to go in when you may have to go into harm's way or make your own destiny, if you will, until you can build up your forces. It would be very difficult under your scenario.

Mr. MCHALE. Mr. Chairman, my red light is on. If I might invite a comment on my last question from Admiral Trost, what role do you see the Navy's theater missile defense playing in terms of the protection of those critical port facilities?

Admiral TROST. I am not absolutely conversant on all of the current programs ongoing. The Navy's attempts over the years to use its Aegis platforms in a theater missile defense role have been ongoing concurrently with the Army's development of a theater missile defense capability.

I would say there is a role. I especially support the concept of a commonality of missiles so you are not constrained to shooting it from this piece of ground or this piece of water only. The ships could have tremendous reach and tremendous impact in supporting ground forces ashore. I am hopeful that that effort will continue to be developed.

If you had to do it tonight, you would have to take your improved Patriot systems and employ them in such a way that you get a little bit of area covered. It is not much, but a little bit. You tie in your Aegis cruiser capability, particularly for tip-off. Tie it into both the Saudi and the United States AWACS aircraft. Try to bring your whole C-4I mechanism to bear. Use the improved Hawk, the improved TPS-59 radar to get a little bit of a bubble ashore. Then take it from there.

Your best defense would be an offense. Go after the shooters. Go after them big time. Even if you miss some and even if you have some collateral damage, do it.

Mr. MCHALE. Thank you, gentlemen.

The CHAIRMAN. Thank you, gentlemen. The gentleman from Indiana, Mr. Hostettler.

Mr. HOSTETTLER. Thank you, Mr. Chairman.

It is indeed an honor to be speaking with you gentlemen today. When I read former Secretary Les Aspen's report on the Bottom-Up Review, I was very pleased to read on page 34, "We also expect that the United States will be fighting as the leader of a coalition with allies providing some support and combat forces. As was the

case in Desert Storm, the need to defend common interests should prompt our allies in many cases to contribute capable forces to a war effort."

This is the point that I was pleased to hear. "However, our forces must be sized and structured to preserve the flexibility and the capability to act unilaterally should we choose to do so. Earlier this year, I should say, we heard testimony from Secretary Perry and General Shalikashvili.

From their testimony, we came to the conclusion that they were under the belief that we must assume coalition forces in the future for these two MRC's. In my opinion, this seems to be a shift from the Bottom-Up Review. Could each member of the panel comment on whether it should be the policy to—and in your study I see that you went directly from the Bottom-Up Review—should it be the policy, given your experience, that we depend on the ability to have coalition forces in the future?

**Admiral TROST.** Our national policy for many, many years, including the NATO years, has been to rely on coalition forces and allies for contributions.

I rather like the construct of the initial Bottom-Up Review comment that we have to also be prepared to go it alone in those areas where our interests are clearly threatened, but others aren't prepared to rally to our side.

I think that is more the mark of future demand than the probability of being able to successfully marshall a coalition force as we did in the Desert Shield, Desert Storm operation. That was a unique event in many respects in that it threatened the energy resources for many, many people. It was much easier to bring helpers in.

I think we also have found that our senior military and national leadership has been somewhat disillusioned that our ability to function under coalition control, if you will, or U.N. commanders, and I suspect that will be at play for any future operation.

**Mr. HOSTETTLER.** Thank you.

**General GRAY.** I was just going to say that in 1992, the formulation of the coalition in my judgment from my vantage point was an extraordinary accomplishment by the then Commander in Chief who, from my vantage point, did that himself.

We certainly didn't play into that too much in the Pentagon. That was quite an effort. Given that, again, you don't want to be scenario-dependent. If you could fight with a coalition, that is better than unilaterally any day because there are no crowded battlefields.

That is why this inner-service talk only takes place inside the beltway. Out there with the warriors, they don't mind getting help at all; trust me. That is the way to go. If you are going to be a world leader and have world responsibilities, and I don't mean world police officers, but influence as required, then you have to have a certain amount of go it alone type of capability and balance.

I think the American people understand that or you wouldn't have even as big a defense as you have today, given the other considerations. Coalition operations are difficult. They come with strings. They come with geopolitical strings. Whether you are fight-

ing in Desert Shield, or whether you are doing a Somalia, or whatever.

For example, the commands go back to their host country for instructions, for guidance. They are given very narrow parameters, particularly in the operations other than war before they can do anything. The Syrians, for example, would not attack. They strictly are there to defend. The Egyptians, likewise.

You have these various parameters that are set down or these various caveats, if you will. C-4I command control, communications, intelligence interoperability is very difficult to bring about in a coalition. Can it be done? Yes, but if you do it tonight, the principal reliance will be on equipment. There is no other way to do it. You have all of these kinds of considerations that enter into the equation.

General RISCASSI. I think the ground troops in both the Aspen and Perry statements got a different situation in Northeast Asia, in Southwest Asia than in the European theater. It is a combination. I would think that the Perry-Shalikashvili comment was part of the national strategy which, for the first time I think, called out the use of coalition forces in an explicit way.

What Mr. Aspen was talking in something that we all agreed to when the Bottom-Up Review was under review was the fact that the sizing mechanism would be an MRC, two MRC stand alone U.S. unilateral introduction into both theaters. That gave you the end-strength numbers that you were looking for. Then you went in and modernized that force.

Both statements I think are correct and they are not out of tolerance with one another in the way we are looking at the world today, in my estimation.

Mr. HOSTETTLER. Coalition forces would be optimal, but we can't plan on that?

General GRAY. I would just say, as Bob has said, that will vary by theater. For example, the Koreans are tried, true, and trusted friends and allies. They have fought with us, obviously in Korea but they fought with us in Vietnam. They stand by us. There is a linkage there that is very strong.

As you go around other theaters, you may see similar strong linkages and some that may not be quite as strong. So, that will vary.

Mr. HOSTETTLER. Also, on page 63 of your report, somewhat a different situation. You spoke to the idea that many of the weapons in the Persian Gulf war were precision guided munitions such as the Tomahawks, et cetera. Following the war, the fiscal year 1991 supplemental appropriation provided \$2.9 billion of a requested \$6.4 billion Pentagon weapons modification and replenishment of the missiles bombs and ammunition expended during the war.

Could you comment on that? We have heard testimony recently of similar situations occurring today where we are not adequately replenishing our stores. We are using stores for war games that would otherwise be used out in the field. Could you comment on that?

Admiral TROST. We looked at all of the various factors in replenishment of stocks after Desert Storm, as well as the fact that increasingly, our total ammunition stores in this country, for all of

the services, consisted of many items unserviceable, requiring re-work or being insufficiently reliable to ship forward and expect them to be used in a combat zone.

Added to that, the munitions that are deemed only suitable for training. We found that we face a real shortfall in the preferred munitions for wartime and more specifically those sophisticated weapons such as those noted in the report, which would be necessary against a modern threat to minimize losses.

Our concern there was, not only have we not replenished what we used, we have never built up to the stocks that were considered essential during the time that I was still on active duty.

As a result, we are letting both our government and industrial portion of the industrial base that would provide ammunition wither or deteriorate to a degree that says we are going to wait a long, long time to get anything off the lines if we want to start up in a future contingency. Therefore, ammunition stock availability has to be a concern today, as well as for future readiness.

General RISCASSI. I think there is no question that preferred munitions are woefully short. If you are talking about a capability that is endemic in every one of the services, it is the ability to shape the battle through preferred munitions. We just don't have enough.

Quite frankly, what that chart is attempting to show you is that large repository of munitions that we have around the world is dwindling to the point where it may be getting critical. The hedge upon letting it go critical is buying more in the preferred category.

Mr. HOSTETTLER. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

We had some testimony the other day about this munitions situation and preferred munitions not being replenished in our stock-piles and using up a lot of the other ammunition we have during training and not replenishing that. That is definitely a problem we have. Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

I would presume this was started by General Gray, but I will open it up to the panel. On page 28 of your report you talked about the dwindling amphibious lift of the Marines down from 62 vessels at the time of Desert Storm to I think 41 now.

How would you address that if you were given the ability to do so? What would be your first priority? What would be your second priority?

General GRAY. We are talking about amphibious war fighting capabilities. My first priority would be to move ahead and consummate the LHD-7. There is a clear fundamental requirement with or without a war for 12 amphibious ready groups. That 7th LHD meets that requirement as long as you modernize and upgrade the other LHD's. I would move to the LHD-17 ship in the future.

Mr. TAYLOR. LPD.

General GRAY. I'm sorry, LPD-17 effort in the future. I would move that back into reality. If we had the option, I would not let that go out. I would go ahead and build that amphibious ship. I would accelerate thinking with respect to bringing on the LPD-17 capability.

Mr. TAYLOR. I will open this one up to the panel.

Obviously, we are all looking for solutions. You have helped point a number of problems. We appreciate that. In particular, the readiness problems, the lack of training problems for the air crews. How would you address it? Again, given an ideal situation where you could write something down and it was going to be done the next day.

Admiral TROST. If I understand correctly, how would we address the shortfalls that exist today?

Mr. TAYLOR. In particular for training. You make mention later on in your report of F-117 cruise and the F-15 cruise being given waivers for the lack of training.

Admiral TROST. I think we go back to our earlier discussions that we feel it is essential that if a certain force level, force composition is deemed necessary to meet the requirements for U.S. national military capability, then we should properly fund that structure.

If a larger force is necessary, I would still go back and say properly man and support what you have today and then where affordability permits, build it up or where necessity demands. My major concern is that necessity will not demand much change in current efforts until such time as we are either internationally embarrassed as a country or somebody beats the socks off of our people and we recognize that we have just stepped outside of the tolerance level of our populous, which as General Gray said earlier, want you to hit them fast, be overwhelming, have no casualties, no collateral damage and come home right away.

We don't have that capability today. People think we may. We really have to properly fund and support the forces we have today if we think that is the level that is necessary to do the job.

Mr. TAYLOR. Admiral, in your mind, how important is the third *Seawolf*?

Admiral TROST. I would be glad to. I would take almost the whole hearing to do it. You have to understand, first of all, I am a submariner. I have been very strongly involved in the support of the third *Seawolf*.

If this country thinks submarine capability is necessary, the issue isn't how many ships you have today, it is what you are going to have for the future and whether or not you are going to be able to build submarines in the future.

If you let your building base go away, your design base go away, you won't have the capability for the future, so it is irrelevant. We will turn to some other country and say, please provide us with forces.

Today, the *Seawolf* capability is necessary to continue both the design and the construction capability to maintain a facility for the next class of submarine, which is already being designed and in a design build concept which says we are going to design it and then the builders are actually there sitting in the same room as the designers saying, you can do it better this way.

That kind of concept has led to going from lead ship to follow ship with about half the manpower, in the case of the Trident Program, man-hours required over the period of time to build a submarine.

That is essential. There was an addition on a national policy decision made several years ago that we would maintain two nuclear

capable yards in the United States to ensure that we have the capability for expansion if and when required. That decision led to the decision to build carriers, sole source, in Newport News and maintain Electric Boat as the submarine building yard, and led to the concerns on the part of some people that we are saying, that yard will be maintained just because we said so.

I think both yards are absolutely essential to our downstream military capability and to our ability to maintain the lead in high technology platforms that we have to have for the future.

Mr. TAYLOR. Let me open this up to the panel. I only got wind of it yesterday. As you know on some occasions this committee has had multiyear funding for large ticket expenditures for aircraft carriers, for submarines, for even the LHD's. There is some talk that in the Senate they are talking about multiyear funding for what they call mature programs, which would be the DDG's, the carriers, the LHD's, or its successor.

How would you three gentlemen feel about that to avoid the peaks and the valleys in funding?

Admiral TROST. It sounds nice. The only multiyear funding that I have seen that was worked successfully was when Congress agreed to a multiyear procurement of some specific product and agreed that the funding would follow.

I know that multiyear funding for a large procurement, specifically for ship procurement, has been pursued on a number of occasions over the last several decades as a matter of fact.

It has never found favor with the Congress because neither the authorizers nor the appropriators were willing to see any loss of control with the Appropriation Committees having the greater concern about losing funding by making a commitment to something not knowing what next year's fiscal conditions might be.

While I would like to see it to level funds, we are building such a bow wave now that level funding is almost academic, in my view. We have such a deficit in future accounts for shipbuilding, aircraft procurement, all of these things that we are just pushing everything out.

I would rather see us agree that we have a certain stable level of defense funding over a period of time, recognizing that some years you are going to spend a lot for this year, the next, you are going to spend a lot for something else. Over time, it averages out.

General GRAY. I would just add that in the case of the smaller guys and the like, multifunding has enormous potential for savings and for getting more for the dollar. When Congress saw fit to multifund part of the AAAV Program, for example, those savings were substantial to the Navy and the Marine Corps.

If we could see something like that with respect to the amphibious ship thought process, also I would add the maritime prepositioned force upgrade. Last year, the authorization group from both sides or from both the Senate and the House saw fit to authorize three more maritime prepositioned ships to enhance the capability and saw fit to appropriate one.

Hopefully, that effort will continue and you will see that done. If you can package that, for example, I would estimate you would save \$10, \$15, \$20 million at least in packaging it together. One at a time is difficult for industry, as we all know. The cost of doing

work at shipyards and all of that kind of thing, on again, off again, hiring, rehiring, so there are some great benefits to look at this as a case-by-case scenario.

Mr. TAYLOR. Thank you. Thank you gentlemen.

General RISCASSI. Just a comment. I agree with the concept, but I question whether the fiscal energy is there to carry it through. I think there are enormous efficiencies associated with the concept. The fiscal resolve to carry it through needs to be there.

The CHAIRMAN. Thank you. Mr. Dellums.

Mr. DELLUMS. Thank you, Mr. Chairman.

I appreciate the opportunity to follow-up. I would like to go back to the question that I raised with you about the increase in force structure. Come at it this way.

I made the observation to Secretary Perry and General Shalikashvili sometime ago that I thought it was a mistake to view the Bottom-Up, to see the Bottom-Up Review as a static document. That it had to be a living document. That it had to be a dynamic document, capable of being changed as our perception of the post-cold war world became clearer.

Secretary Perry agreed with that, that the Bottom-Up Review, we are looking at the world through a glass darkly. As we begin to see the world with greater clarity, the Bottom-Up Review obviously had to change based upon that.

With that as the backdrop, both you, General Gray and you, Admiral Trost, you gentlemen both participated in the analysis and the development of the Bottom-Up Review. As I understand it, you were on active duty at the time?

General GRAY. Not the Bottom-Up Review. We were part of the base case force and General RisCassi was a part of the first bottom-up review.

Admiral TROST. In my last several months, the base force proposition had been put forth. I was involved in about 2 months of the debate on that. I retired well before the Bottom-Up Review.

Mr. DELLUMS. Then, I won't ask this question. The question I was going to ask was, in the couple of years that you have now been in retirement as opposed to active duty, what changes have you seen out there in the world that leads to this higher force structure need. We can move that off of the table, if you wish.

I would like to then go to a different kind of question, but a different approach, essentially the same question. Conventional wisdom was that the Desert Storm force structure should be the building block of the force structure of the future.

My question is, whether or not Desert Storm's force structure should be the building block or the Desert Storm experience? Very different: the Desert Storm experience emphasized technological capabilities, scientific advancement, standoff capabilities, stealth capability, cruise missile capability.

The Desert Storm, right before the world's very eyes, played out on CNN, changed in this gentleman's opinion, the whole approach to war. I think that it laid out the parameters of the future of war with enormous long-term implications.

The world now is beginning to proliferate with smart bomb capability. The world is now trying to move toward greater standoff ca-

pability. We have heard testimony that cruise missile proliferation now becomes a major, major concern.

If the Desert Storm force structure is the building block for the force structure of the future, you get a different kind of force structure with a different kind of budget implication, et cetera.

If you use the Desert Storm experience, it seems to me it leads you in a very different direction with a different force structure, with different budget implication. I would argue that what we invested in research and development gave us the technological capacity to fight desert storm in a way that we have never fought any other war, then that leads us down a very different path.

I would just like for you to comment on that. It is a broad question, but you gentlemen are people who think in those terms. I would like to get your response.

Admiral TROST. I think your comments are very valid. Let me go back, first of all, to a Bottom-Up Review or whatever the underpinnings may be of a national security strategy, it should be evolving constantly, taking into account our interest and the threat to those interests around the world. They do change.

The capabilities of those who pose a threat to us change. That has to be factored into the ultimate determination, not only of what we do, but the types and numbers of forces we need to do the job. With respect to Desert Storm, we should capitalize on the experience because to do otherwise is to engage in continuing the misperception of what really happened over there.

We went into Desert Storm with the capabilities we had built to fight a Soviet threat; a very major threat and also to maintain worldwide presence in various areas and to do the various contingency operations that we were called on to do.

That force structure, rather than being the building block for the future, should have told us that with that capability, you can do this job against this kind of enemy in this number of days with this sort of limitation of casualties.

It also told us the utility of a lot of our more sophisticated weapons systems. It told us that, yes, we could suppress a very sophisticated air defense capability. We could counter some sophisticated weapons with capabilities of our own. It told us a lot about capabilities, both those we had and those we had insufficient number of.

We found during Desert Storm that we had insufficient stocks of certain threat munitions, the high-technical, the more sophisticated weapons. We learned again that we were partially, but certainly not adequately prepared to fight in a chemical, biological warfare environment and do so while maintaining the combat effectiveness of the people who had to do that job.

I guess my bottom line would be yes, we should continue to evolve our policy and our strategy, and therefore our assessment of what forces and what capabilities are necessary. This again highlights an item that you are very familiar with and that is the research and development capability that we dedicate to providing that future edge that we keep talking about, but right now aren't really funding properly.

Mr. DELLUMS. Thank you, sir.

General RISCASSI. Mr. Longley made a very significant point a few minutes ago when he suggested that we were then, in a sustained investment mode so that we could during Desert Storm experience the experiences that we went through.

So, I would suggest to you that that evolution will absolutely continue and have a decided effect. In fact, it may even have a cultural effect on how one employs armed forces as we turn into the next century.

General GRAY. I would like to see sometimes some analysis, if we are going to insist on using Desert Storm as a benchmark and everybody does that, Mr. Chairman. So, we turn to that. But instead of 6 days, how about a 6-month war or even a 1-year war.

I say 6 days because I count the Battle of Khafji and everything like that. I get about 144 hours I counted because I lost some marines there. If everybody told it like it was, if they knew what they were talking about, then I think you would have quite a different picture with respect to our aggregate capacity to continue that kind of an operation, more importantly, to operate in another region, another contingency and the like.

The threat munitions, for example—and we ought to throw in one more what if. What if the Iraqis fought? They didn't fight for Kuwait. They had no stake in it. That is, I am talking now about the prisoners we captured. Suppose they fought? You would have had a different stockpile of threat munitions. You would have been out of them.

We never bought anywhere near the threat munitions that we estimated would be needed for a war with the Soviet Union and the Warsaw Pact, either in Europe or in the Pacific. We would have been hard pressed with some of the normal conventional or general-purpose ammunition and the like.

If you peep far enough into the analysis, you will see that we got bullets from Germany, artillery shells and the like because there was some question about the readiness. We all know ammunition comes in various categories. You use the worst of it for training and all that type of thing.

Those ships that were out there, every day during Desert Shield, the Chief of Naval Operations said to me, I've got to have those amphibious ships back if we are not going to fight because they need to be repaired, worked on and the like.

Every day I said, over my dead body. You are going to get the strategic Reserve out of there. We need it. The amphibious forces were the only strategic Reserve Schwarzkopf had. So, all of these kinds of things need to be cranked into this equation. I think your premise and the like is a good one to start out.

If we could get the right kinds of questions and the right kinds of task analysis, I think we would have some very revealing information at the end. These are difficult issues. This is what we ought to be studying in this great country.

Mr. DELLUMS. Thank you, sir. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you. Mr. Cunningham is coming, I guess.

Mr. CUNNINGHAM. Thank you, Mr. Chairman.

I apologize. I have been in another hearing. Especially to Admiral Trost who I have known for a long time, I missed your testi-

mony. I guarantee you, I will read every single word from all of you gentlemen.

I'll be brief in the fact that a lot of times they tell us in this body that the cold war is over, but yet I see five typhoon submarines built by Russia, nuclear class submarines, when we give them a billion dollars to dismantle nuclear weapons.

I see the MiG-35 which is superior now to our F-15, F-15. I look at an AA-10 missile which is superior to our AMRAAM. I see submarines that go down deep enough to tap into our Atlantic and Pacific cables. I also look at all of the other brush fire wars.

When we have the active duty military, which you were bound to be, all three of you at one time. They hedge back and forth on the level of readiness. Do you feel today that the level of readiness is there presently and in the future to meet current and expected threats? Admiral Trost, if you would start.

Admiral TROST. In our earlier discussions, we had discussed our findings from the report, which I hope you will have an opportunity to read in its totality. We feel that the forward deployed forces by and large are ready to do the job they are being called on to do.

Sustainability might be another issue over a longer period of time as General Gray has just noted. Our concern is that some of that forward deployed readiness is at the expense of those forces not now deployed, but which will be deploying or be rotating into their schedules and that we are compromising through our lack of funding for modernization programs, both near-term and future modernization. We are compromising mid-term and future readiness.

Mr. CUNNINGHAM. If I may interrupt, Admiral.

One of my main concerns was, I know the adversary squadrons are going away in the Navy and in the Air Force.

Admiral TROST. Correct.

Mr. CUNNINGHAM. I know why we were successful in Vietnam and Desert Storm. When I talk about readiness, we may be able to do the job. But I know the level of training is not what we had in those previous wars, which means life and death. It is not so much just the ability because there are a lot of things when you embrace readiness.

Admiral TROST. Many of those things are going away. I noted the loss of adversary squadrons with great concern because I know the value that they provided. They also gave us an opportunity to crank in the combat experienced teachers who could do things.

When we take away those, when we continue our problem that you saw earlier in your flying career of giving a guy one missile to shoot during his next tour, and we say he is ready. He is not ready. The first time he has to pop something off, he doesn't even know what it is going to feel like. Those are concerns. It is an overall depression of training readiness for the future.

General GRAY. I would just reinforce that. Of course, the Congressman knows real well about aviation readiness and all of that type of thing with your background, but you have got to keep that high state of training, readiness and preparation.

It is not a question of raising up and then going back down; particularly in aviation. You have got to keep current. You have got to do those carrier qualifications and all of that type of thing. You

have got to learn to operate at night, if you are going to survive and all of that.

It is the same way on the ground. If you can't come in at night at low level in helicopters and that type of thing and run a raid and do all of the tough things up there in the margin. You are not going to be successful in the future and you are going to bleed more.

These kinds of longer term, if you will, sustained readiness, I think they are crucial. Can we go do what must be done today? I think we agreed, yes, we can. Will we do it as clean and as nice perhaps as everybody would like to see, maybe, maybe not. Would it take a different reliance on part of the Reserve structure and all of that kind of thing? Yes.

Basically, you can do it. The theme of our report again was that because we have not had balance, we are out of balance for whatever reasons, with respect to modernization and longer term research and development thought processes; therefore, the kind of shortfalls or hollow or whatever word you prefer, that we experienced in the decade of the 1970's are somewhat different than the kind that loom before us today.

Mr. CUNNINGHAM. Thank you.

The CHAIRMAN. I thank the gentleman. Mr. Weldon.

General RISCASSI. Let me just give you a short answer since I agree with what Admiral Trost and General Gray have said.

You are on razor's edge right now. I think that as I stated earlier today, a sustained level of fiscal purchasing power that is consistent over time is what the departments are looking for. The perturbations that you go through inhibit momentum that focuses on readiness in its totality.

I would say with these sign waves that are going through, the fiscal energy associated with the Department's profile, you are on razor's edge.

The CHAIRMAN. Thank you gentleman. We have got a vote on. We are about to wrap it up. Mr. Weldon and then I will have one comment to make.

Mr. WELDON. Mr. Chairman, just in closing briefly, this testimony today I think is profound. We get many witnesses here from think tanks, both on the left and the right; many of whom have never had any war fighting experience, never been asked to put their lives on the line, let alone command people in that regard.

That is all the more reason why your testimony and the report that you have issued should be in the hands of every Member of the Congress. I would ask the three of you if you if you would object if we make this available to all 435 Members of the House so that they can see what your experience tells us should be the considerations in the decisions we have to make in regard to military spending for the next year. Is that a problem?

Admiral TROST. There is no problem at all from our part. We submitted the report to Senator McCain who asked for it, so I suppose we should defer to him.

Mr. WELDON. I think the most profound part of your testimony was the historical lack of military preparedness that you site. Admiral Trost, you mentioned this. You said that Desert Storm was

unusual because you were prepared, not for that battle, but we were prepared to take on the Soviet Union.

I want to quote General Shalikashvili in here who made this statement in October of last year in an Armed Forces journal article. "In every one of our first battles from the Revolution through Vietnam, American forces came to their first fight unprepared."

"Of the five major wars involving U.S. forces in the 20th Century, the Persian Gulf war was unique." And then to end up my comments today, your quote and your final observation I think sums up totally what you are saying. "Today, we are setting the stage for a new type of hollow military, while avoiding a repetition of the mistakes of the 1970's, we are making new ones. We are protecting near-term readiness at the expense of future readiness.

"To maintain near-term readiness and conduct current operations, we are spending the investment funds that should be devoted to equipping the next generation. Unlike the hollowness of the 1970's that was correctable in a matter of a few years, the hollowness being created today may require a decade or more to overcome. We are following a path long on consumption, short on investment.

"The failure to modernize and to maintain an adequate level of our R&D spending will eventually undermine the capability of our forces, eroding readiness and leading to perhaps irreparable loss of the industrial base. In our opinion, the current defense budget is badly out of balance." Thank you.

The CHAIRMAN. I thank the gentleman.

I would also like to add my final words in appreciation to you for your testimony and for your report. I have in the past read through your report and tried to digest it.

I think as we go through these hearings we are finding out from listening to active duty military people from the Pentagon, civilian Pentagon, and from other witnesses that we have before us, the same thing kind of develops, if you look behind what is said.

As I indicated a little earlier, you take into consideration what is not said in addition to what is said in these statements. We are finding out the same thing. I think that is what we have provided the military in the Bottom-Up Review strategy as recommended.

The question is—and we can talk about the enhancements and the caveats and all of the rest is the key to it—is it provided for in that strategy, if we provide for it in the funding and really supply the equipment that is necessary to carry it out? Plus, if we have the lift capability to get the people and the equipment to these different places? I think as I read through your report, one of the main things that you talked about in referring to whether the strategy of forces were sufficient or not—we are pointing out that when they might set forth 20 fight wings, for instance was that you felt we needed more than that in the real world because of all of these other things going wrong.

People weren't trained properly sometimes. The right people were not at the right place at the right time. So we actually need more than 20. The same thing for aircraft carriers. They called for a certain number, but you thought we ought to have more than that because the real world dictates otherwise and so forth and so on.

We have to have the enhancements even with the strategy that is developed by the Bottom-Up Review. That is the point I was trying to make all along. This testimony we are getting reflects that if we have the enhancements, with the caveats and all of the rest, we are in pretty good shape.

The big question is whether or not we have those things. Thank you, gentlemen.

[Whereupon, at 12:22 p.m. the hearing adjourned.]

## **H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, SERVICE SECRETARIES**

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**HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
Washington, DC, Wednesday, May 3, 1995.**

The committee met, pursuant to call, at 9:37 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

### **OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

**THE CHAIRMAN.** The meeting will please come to order. The time has arrived and passed.

Secretary Widnall, Secretary Dalton, Secretary West, let me welcome all of you here today. As was the case back in February when we hosted the service Chiefs, it is an honor to have you with us this morning. We are especially interested in your testimony this morning since the committee is fast approaching its markup of the fiscal year 1996 Defense Authorization Bill.

Since February, the committee has held about 8 full hearings and almost 40 subcommittee hearings in an attempt to better understand the President's fiscal year 1996 budget request. His long-term defense plan, and the attendant shortcomings as some people see in each of these, have been informative hearings but they have unfortunately left us with many questions unanswered. Perhaps the three of you will be able to provide us with some answers as well as some help in refining some of these questions.

It is no secret that the services each of you represent are confronting a serious long-term readiness problem. In the short term, the only reason you have been able to manage your readiness problem is due to the infusion of funds intended for longer-term readiness initiatives like modernization.

Accordingly, this short-sighted strategy puts at risk our future military capability. Nonetheless, even this ongoing budgetary shell game has proven inadequate as illustrated by the need of additional dollars in emergency supplemental appropriations each of the last several years because of unbudgeted contingencies.

As the committee prepares to mark up the fiscal year 1996 defense bill, we are already hearing about early guidance in the Pentagon over the fiscal year 1997 budget. One recent story indicated that the services, especially the Army, Mr. Secretary, were being told to consider dramatic additional personnel cuts below levels to help pay for modernization in the out years.

Of course, for several years, we have been told officially that savings associated with the BRAC and acquisition reform would suffice to address long-term modernization shortfalls.

The shell game apparently continues and is a penny-wise, pound-foolish game, with potentially deadly consequences. I look forward to hearing each of you articulate your priorities as they are reflected or not, in the President's budget submission.

The committee has a lot of work to accomplish in the weeks ahead, so your testimony today is welcomed and timely.

Before preceding, I would like to recognize the distinguished ranking member, Mr. Dellums, for any comments he might like to make.

**STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY**

Mr. DELLUMS. Thank you very much, Mr. Chairman, and members of the committee. I join you in welcoming Secretary Dalton, Secretary West, and Secretary Widnall before the committee to present their service's programs and their assessment of each service's ability to discharge their national security missions.

I believe that they each must be applauded for their dedicated service to the Nation and for their effective discharge of their responsibilities of their respective offices. As the civilian leadership of their Departments, they are responsible for the operations of their Departments and exercise the appropriate civilian control of those Departments.

Therefore, Mr. Chairman, and members of the committee, it intrigues me that we are only now at the moment when we are on the verge of completing rather than starting our subcommittee work on the Defense Authorization Act, that these dedicated public servants have been invited to testify on their respective services. It has been the practice of this committee even during the years of Republican administration, to invite the service Secretaries early in the process. As we all know, we have received, and we much appreciate the expert testimony of the service chiefs and the theater commanders-in-chief. That we should receive the expert opinion and answers to our questions from the civilian leadership of these Departments so late in our process is deeply troubling for the perception that it leaves regarding our view of the relevance of their potential testimony.

They should have been invited prior to the recess when their testimony would have been received against the backdrop of the recent testimony of other witnesses, when it would have benefited staff work that has been undertaken during the break as we prepare for the markup.

In the future, I hope that we will hear from the service Secretaries, along with the Secretary of Defense, at the beginning of this inquiry when it will be most meaningful to our work, rather than at its culmination and after much of the work has already been done toward completing the committee's mark of the authorization bill.

I look forward to hearing from the Secretaries concerning their views on vitally important issues before us. For example, what are

each of their views on how successfully we have achieved a balance in our modernization, readiness, and operational accounts. What are their priorities to meet discharge; and what might they do if they had a few more resources? What is the state of our readiness which has occupied so much of our attention on this committee at both the full committee and subcommittee level?

What is their view of the new world we have inherited and how are their services preparing for that world and the one of the next century?

Mr. Chairman, these weighty issues and many others occupy their daily attention. This member looks forward to the dialog we will have today with each of the Secretaries on these and other equally important issues.

And with those remarks, Mr. Chairman, I thank you.

And I would yield back the balance of my time.

The CHAIRMAN. I thank the gentleman.

And indeed, today, as far as I am concerned, is kind of a cleanup batter day. And the importance of our witnesses appearing today has been underscored. We certainly appreciate you being here and look forward to your testimony.

And let's start off with the lady, Dr. Widnall.

#### **STATEMENT OF SHEILA E. WIDNALL, SECRETARY OF THE AIR FORCE**

Dr. WIDNALL. Thank you very much.

As always, I look forward to this opportunity to tell you about America's Air Force.

We are completing many of the reshaping and resizing efforts started years ago and are very enthusiastic about the results.

Today's Air Force is leaner yet more powerful than it has ever been. Our previous modernization efforts are paying off with the feeding of new capabilities, and because we didn't overlook investing in supportability, our systems are ready for action.

One only has to look at the wide breadth of activity in which the Air Force units are involved from Rwanda to Haiti to the skies over Iraq and Bosnia to see that is true. The success that we have demonstrated in peacetime doesn't mean that we can relax with regard to readiness. Combat readiness is our foremost priority.

The Air Force is very ready to support our CINC's to fight and win two near-simultaneous regional conflicts. Readiness indicators add scrutiny at all levels of command. Because of our rapid force, we are meeting our readiness objectives across the board, not only logistical readiness, but training objectives. We are continuing to arm our people with experiences that emulate actual combat.

Correspondingly, we are forecasting on the future. We know without commitment to the modernization of our systems, the Air Force of today could quickly become irrelevant to the battlefields of tomorrow. There are a number of modernization efforts that command our attention, such as strategic airlift, air superiority, theater air defense, which includes developing defenses against aircraft, ballistic missiles and cruise missiles, advanced munitions acquisition, information dominance, and space launch.

As always, people are at the heart of all of our concerns. No matter how advanced our systems might be, without trained, motivated people to operate them, these systems are useless.

Inherent in all we do and every dollar we allocate is concern for our people's quality of life. There are three main themes around which I have constructed our written statement for the record and which I believe encapsulate our budget submission. These are: First, to ensure combat capability. Second, to shape tomorrow's Air Force. And third, to support our people.

I look forward to working with you during this budget cycle and will be happy to answer any questions.

Thank you very much.

The CHAIRMAN. Thank you, ma'am.

[The prepared statement of Dr. Widnall follows:]

**DEPARTMENT OF THE AIR FORCE**

**PRESENTATION TO THE COMMITTEE ON NATIONAL  
SECURITY**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**MAY 3, 1995**

**FY96 DoD POSTURE**

**STATEMENT OF**

**THE HONORABLE SHEILA E. WIDNALL  
SECRETARY OF THE AIR FORCE**

**NOT FOR PUBLICATION UNTIL RELEASED BY  
THE COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES**



# BIOGRAPHY

**UNITED STATES AIR FORCE**

**Secretary of the Air Force**

**Office of Public Affairs**

Washington, D.C. 20330-1690

**DR. SHEILA E. WIDNALL**

Sheila E. Widnall is secretary of the Air Force. She is responsible for and has the authority to conduct all Department of the Air Force matters including recruiting, organizing, training, administration, logistical support, maintenance and welfare of personnel. Her responsibilities also include research and development, and other activities prescribed by the president or the secretary of defense.

In previous positions with the Air Force, Dr. Widnall served on the USAF Academy Board of Visitors, and on advisory committees to Military Airlift Command and Wright-Patterson Air Force Base, Ohio. Dr. Widnall, a faculty member of the Massachusetts Institute of Technology for 28 years, became an associate provost at the university in January 1992. A professor of aeronautics and astronautics, she is internationally known for her work in fluid dynamics, specifically in the areas of aircraft turbulence and the spiraling airflows, called vortices, created by helicopters. She has served on many boards, panels and committees in government, academia and industry. The Tacoma, Washington, native is the author of some 70 publications. She assumed her current position August 6, 1993.



Dr. Widnall and her husband, William, an aeronautical engineer, have two children.

**EDUCATION:**

1960 Bachelor of science degree, aeronautics and astronautics, MIT

1961 Master of science degree, aeronautics and astronautics, MIT

1964 Doctor of science degree, MIT

**CAREER CHRONOLOGY:**

1. 1964 - 1970, assistant professor, MIT
2. 1970 - 1974, associate professor, MIT
3. 1974 - 1993, professor, MIT
4. 1975 - 1979, division head, Division of Fluid Mechanics, MIT
5. 1979 - 1980, faculty chairperson, MIT
6. 1979 - 1990, director, Fluid Dynamics Research Laboratory
7. 1991 - 1992, chairperson, MIT's Committee on Academic Responsibility
8. 1992 - 1993, associate provost, MIT
9. 1993 - secretary of the Air Force

AWARDS AND HONORS:

1972 Lawrence Sperry Award - American Institute of Aeronautics and Astronautics  
1975 Outstanding Achievement Award - Society of Women Engineers  
1984 Washburn Award - Boston Museum of Science

PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS:

Past trustee, Aerospace Corp.  
Member, American Academy of Arts and Sciences  
Past president and past chairperson, American Association for the Advancement of Sciences  
Past trustee, Boston Museum of Science  
Member, Carnegie Commission on Science, Technology and Government  
Past trustee, Carnegie Corp.  
Past trustee, Charles Stark Draper Laboratory Inc., Cambridge, Mass.  
Member, International Academy of Astronautics  
Member, National Academy of Engineering  
National Academy of Sciences' Panel on Scientific Responsibility  
Member, Board of Visitors for the U.S. Air Force Academy, 1978-1984; board chairperson, 1980-1982

(Current as of November 1993)

**JOINT POSTURE HEARING STATEMENT  
OF  
SECRETARY WIDNALL AND GENERAL FOGLEMAN**

***Introduction***

Good morning, Mr. Chairman and Members of the Committee. We welcome this opportunity to discuss our continuing plans to shape the Air Force and to support our most valuable assets -- the men and women on America's Air Force team. We reduced our size smartly following the end of the Cold War, and as a result, **our forces today are very ready** -- despite our high operating tempo in support of the CINCs and our sister Services. We ask your support to ensure tomorrow's Air Force is equally prepared to meet the future security needs of our national strategy.

The United States Air Force remains the premier air and space force in the world and an essential contributor to our national security. Our mission is "to defend the United States through control and exploitation of air and space." Our guiding construct, *Global Reach -- Global Power*, defines five Air Force pillars supporting our nation's interests: building U.S. influence around the world, controlling the high ground of space, supplying rapid global mobility, providing versatile combat forces, and sustaining nuclear deterrence. These tasks have assumed heightened significance in the post-Cold War era. Air and space power provide an economical means for shaping the international environment through *Global Presence* and increasingly underwrite national capabilities to conduct decisive combat operations worldwide on short notice.

Since our birth in 1947, the Air Force has been an institution that thrives on change, but never so successfully as during the past few years. We've reduced our personnel by one third, fighter and ICBM forces by almost one half, and the bomber force by two thirds. Our budget is down by 40 percent from its Cold War high. During this period, the Air Force reinvented itself. We restructured from top-to-bottom, consolidating major commands

and giving people at all levels the necessary authority to control the resources required to accomplish new missions. We implemented life-cycle training processes in support of all USAF requirements. We reinvigorated our planning process and developed roadmaps across 40 mission areas to ensure we balance current readiness with modernization needs. Also, we strengthened readiness forecasting to ensure we remain poised to win future wars.

Finally, we have preserved and enhanced our Air Force culture. We paid special attention to our heritage as we drew down and preserved our most honored units. We've set new standards in improving how we treat people. Quality is no longer a revolution in the Air Force, but our *modus operandi*, a part of everything we do. And the Air Force is a team within a team. The Air Force team consists of active duty and civilian, guard and reserve, families and retirees. The bigger team includes soldiers, sailors, marines, airmen, Coast Guardsmen, and, of course, our warfighting CINCs. We evaluate all of our activities against the requirements of the joint warfighting commanders and the needs of our sister Services. The forward-leaning initiatives of past years have produced an Air Force that is simpler, more flexible, tougher, less expensive to operate, and focused on the tasks ahead.

But while our resources have diminished, demands for air and space power are increasing. We are ready now, but this trend suggests we may face bigger challenges in the coming decade than those we surmounted in the past. In a world defined by contingencies, we are focusing on three objectives to help guide us in these turbulent times:

- **Maintain Combat Readiness**
- **Shape Tomorrow's Air Force**
- **Support Our People**

We have built our statement for the record and our budget submission around these three main themes. To set the stage for discussion of these

areas, we'd like to first review how the Air Force role in promoting U.S. national security interests has evolved over the past year.

### ***Current Operations***

The dissolution of the Soviet Union has led to a dramatic rise in instability and unrest throughout much of the world. Our national security now depends upon a strategy to control or limit this instability by remaining engaged, but without benefit of as large a permanent presence overseas. *In short, we must increasingly depend upon forces that can project power rapidly and globally from the United States to influence events abroad.* The Air Force, with its *Global Presence*, is fully employed in support of this engagement strategy -- preparing to deter or defeat aggression, providing stability for the emergence of new democracies and peaceful resolution of conflicts, and conducting humanitarian operations.

While personnel strength has fallen by one-third across the force, and 50 percent overseas, the number of Air Force people on temporary duty overseas is up nearly four-fold since the Berlin Wall fell. Our *Global Reach* forces operated in nearly every country in the world this year. We've delivered 80,000 tons of relief supplies to Bosnia and 16,000 tons to Rwanda and Zaire. And Air Force mobility forces continue to support contingency operations and conduct humanitarian missions around the globe, including missions to Kobe, Japan, following the earthquake in January.

Our fighter components are also charting new territory. Almost 50 percent of our active duty fighter forces are continuously deployed overseas. These forces support alliances, promote stability, and provide sustained combat power on demand throughout Europe, Asia, and the Middle East. We have flown over 16,000 sorties over Bosnia in support of Deny Flight/Provide Promise. In the Persian Gulf, we've flown more than three times as many missions since DESERT STORM as we did during the war itself. Not one day has gone by in the last four years where we didn't have aircraft and satellites

over Iraq or its neighboring airspace. Within ten days of Saddam Hussein's provocation this past fall, 122 combat aircraft had augmented the 67 USAF aircraft already deployed, and we had flown 1,000 sorties in support of VIGILANT WARRIOR. To further demonstrate U.S. resolve, four CONUS-based bombers flew a non-stop power projection mission to deliver 55,000 pounds of bombs on target, on time, within audible range of Saddam's forces. As Secretary Perry said, "The Air Force has really deterred a war. When we deployed F-15s, F-16s and A-10s in large numbers, I think they got the message very quickly."

Expanding our foreign military interaction is another increasingly important vehicle for remaining engaged. Since 1993, Air Force security assistance personnel have worked in 101 countries to foster stability, sustain hope, and provide relief. Air Force training reached 4,900 international students in 1994. These students go on to serve their countries extremely well. In fact, 29 past graduates of our schools are now their nations' Air Force Chiefs of Staff. Our contacts with states of the former Soviet Union and those in Eastern Europe are also thriving. We've exercised with Russian, Polish, and Lithuanian militaries. We've sponsored CINC counterpart visits and base and unit exchanges. Thirteen U.S. states have formed partnerships with new nations as a result of our Air National Guard's "Building Bridges to America" program. Finally, our liaison teams in 12 nations provide expertise on everything from civil-military relations and development of military justice systems to chaplaincies. Through these contacts, we share our standards of how an apolitical military functions in a democratic society.

In response to the growing national requirements of engagement, the Air Force has reconceptualized "presence" -- what it is, why we do it, and how best to support joint requirements. Our concept of presence includes *all* peacetime applications of military capability that promote U.S. influence -- regardless of Service. Correspondingly, **the way we exert presence is changing**. We are augmenting our reduced permanent presence overseas with information gathering systems linked to joint military capabilities that can be brought to bear either proactively or just-in-time. Our space and

airborne collection platforms help provide global situational awareness. Sometimes this information, by itself, can promote U.S. influence. In other cases, information linked to forces that can react swiftly with the right mix of joint capabilities anywhere on the globe reduces the need for traditional physical presence. Our bomber force, for instance, can deliver incredible firepower anywhere on Earth in less than 20 hours. This is a capability would-be aggressors must reckon with.

Of course, permanent presence is still imperative in many areas. And even where it is not, we routinely verify our global commitments through deployments. But the United States *doesn't need and cannot afford* to be everywhere at once. We can exercise more influence in more places by providing assistance, assurance, or deterrence either periodically or on demand -- either through peaceful foreign military interaction, or through raw displays of lethal combat power. This approach allows for the most effective use of our air and space forces to help build U.S. influence jointly and globally, while controlling risks and minimizing costs.

### ***MAINTAIN COMBAT READINESS***

As important as engagement is, however, *combat readiness is our foremost priority*. In those cases where aggressors are undeterred, today's Air Force is combat ready to fight and win the nation's wars as the essential air and space component of a joint team. We smartly managed our resources in past years and made tough decisions early on to keep a combat ready Air Force that is smaller, but with planned enhancements, becoming more powerful than ever before. We have the requisite force structure to support joint force commanders in accomplishing their missions. Careful management of resources ensures our forces are supportable and sustainable, and our people are adequately trained to execute all combat tasks.

### **Force Structure**

The Air Force is sized to meet our current national security requirements as defined in the Bottom-Up Review (BUR), the Mobility Requirements Study, and the Nuclear Posture Review:

- 13 active and 7 reserve component fighter wing equivalents (FWEs)
- 100 deployable bombers
- 450 - 500 single-warhead ICBMs

We have programmed for 13 active and 7 reserve component fighter wing equivalents and 100 deployable bombers to fight and win two nearly-simultaneous Major Regional Conflicts (MRCs). Of the 13 active duty FWEs, 5 2/3 are permanently assigned to Europe and the Pacific, leaving 7 1/3 available for Air Combat Command to immediately commit to a theater commander in the event of a contingency. Reserve components are critical, but will usually be mobilized after active duty forces. As an initial response to an MRC, we can inject up to ten FWEs with more wings to follow within the first several weeks if required. **Our bombers will employ while other forces deploy.** Bombers will conduct combat operations immediately upon the onset of hostilities, operating from the United States initially, and then deploying into theater to maximize operating tempos. Acting together, these forces are key to seizing the initiative from an enemy force, destroying its ability to project power, and thereby helping to create conditions for a peaceful settlement favorable to the United States while controlling costs in lives and treasure. Furthermore, this force structure provides a sufficient reserve to deter or respond to a second aggressor should another conflict erupt.

The Air Force also continues to provide two legs of the nuclear triad, to deter any future hostile nation from acting against our vital interests. As a result of the Nuclear Posture Review, we will maintain a force of 20 B-2s, 66 B-52s, and 450 to 500 single-warhead Minuteman III ICBMs, depending on the recommendations of the Base Closure and Realignment Commission. All

B-2s and B-52s will be dual-capable (nuclear and conventional), while the B-1 fleet of 95 aircraft will be reoriented to a conventional role.

The Air Force took the lead in rapidly cutting its force structure to meet Bottom-Up Review and Nuclear Posture Review requirements, and, in so doing, freed up resources to maintain combat readiness, support essential modernization, and provide a decent quality of life for our people.

### ***Supportability and Sustainability***

In addition to this aggressive glidepath in cutting force structure, we have enhanced supportability and sustainability through better resource management. We've seen breakthroughs in four areas:

- Improved readiness forecasting
- New ways to logically support weapon systems
- Improved approach to resolve engine problems
- Better distribution of mission tasks

First, readiness forecasting has been strengthened. We make rigorous assessments on a daily basis and report those assessments to the National Command Authorities. Our Status of Resources and Training System ensures all units provide readiness snapshots of their current health, as well as unit commander forecasts. This system helps us predict the impact of resource decisions as well as uncover potential weak areas before readiness erodes.

Second, we are fundamentally altering the way we support our weapon systems. "Lean logistics" is an integrated effort among maintenance, supply, and transportation systems to provide the right part, at the right time, at the best price to the user. Lean logistics removes one whole tier of maintenance infrastructure for highly reliable avionics and engine systems, reduces depot maintenance time, and uses transportation tracking procedures like those used by commercial package carriers. It postures us to support forces at home or abroad with less investment in support, manpower, infrastructure,

and inventories. Results so far are impressive. In the avionics area, for instance, repair pipeline times have been cut by 50 percent.

Third, we are effectively managing high performance engine problems. The recent F-16 F110-GE-129 fan blade problem is a good example. Immediately upon recognition of the problem, we instituted a precautionary safety stand-down which did not impact combat readiness. This allowed our engineers to isolate the problem, design an interim fix, and adjust inspection standards and schedules to get affected portions of the fleet flying again. They then developed a long-term solution which is now undergoing rigorous testing at General Electric and our Arnold Engineering and Development Center.

This is a normal process. All of our engines are designed to balance performance, reliability, maintainability, and cost. We have systems for measuring these parameters and making refinements in hardware, software, and procedures to optimize this balance throughout each engine's life-cycle. Furthermore, we are continuing to improve management processes across-the-board through activities such as the Chief of Staff Engine Review, Current Engine Design Reviews, and the ground-breaking High-Cycle Fatigue Baseline Study.

Finally, we are enhancing readiness through better distribution of mission tasks. Most importantly, the Air Force is making increasing use of the world-class capabilities of our Air National Guard and Air Force Reserve. These affordable, accessible, and highly capable warriors are integral to our warfighting force structure. They also make key contributions in peacetime contingency operations around the world. We simply couldn't meet USTRANSCOM's requirements without Guard and Reserve mobility support. Reserve forces provide 50 percent of the crews and 19 percent of the aircraft for strategic airlift, and 41 percent of the crews and 12 percent of the aircraft for our tankers. Similarly, Guard and Reserve fighter forces now routinely deploy for peacetime contingency operations such as Deny Flight in Bosnia, and Provide Comfort and Southern Watch in Iraq, in addition to meeting their combat training commitments. Likewise, our bomber force now includes

reserve components, with a Guard squadron at McConnell AFB, Kansas, and a Reserve squadron at Barksdale AFB, Louisiana. Another Guard squadron of B-1Bs will begin stand-up at Robins AFB, Georgia, next year. In short, our citizen-airmen are assuming a much more active role in every aspect of Air Force operations.

We are also making more effective use of our active duty forces and civil aviation assets. We are distributing active duty deployment burdens through our Palace Tenure program. We have also obtained authority to use aircraft assigned to NATO on a temporary basis outside the NATO region. All these innovations allow us to sustain the increasing pace of Air Force operations.

### ***Combat Training***

Lastly, we continue to train our forces the way they will fight. Realistic combat training is not a luxury, but a necessity. We have maintained strong funding profiles for all combat training programs. What began 20 years ago as a modest exercise concept known as Red Flag has since evolved into a system of worldwide flag exercises which are absolutely essential to Air Force readiness. What we did in DESERT STORM would have been impossible if the Air Force didn't have flag exercise experience. Similarly, the Air Force is a full partner in all major Army exercises at the National Training and Joint Readiness Training Centers. Finally, we bring our high training standards to more than 50 major joint and combined exercises around the globe each year.

Underpinning this, of course, is realistic day-to-day training. Our daily operations increasingly emphasize composite and joint force operations to build on basic skills. We also continue to enhance combat training through simulation, which provides a helpful supplement to flight operations. But teamwork and uncompromising standards measured in a realistic flight environment are the touchstones of warfighting excellence. That is why the proposed Idaho Training Range (ITR) is important. The ITR gives our "first to fight" forces at Mountain Home, Idaho, the composite training it needs. The ITR will improve readiness by providing quality, realistic, cost effective training while recognizing environmental concerns. We will continue to arm

our people with experiences that emulate actual combat in its most demanding phases.

### ***Challenges***

Stability in our operations and maintenance (O&M) budget is key to maintaining Air Force readiness, and that stability can be jeopardized by a lack of timely funding for contingency operations. If contingency funding is delayed in the future, then the balance between force structure and readiness could easily be upset. We then will have less ability to deal with spot-readiness setbacks in systems such as Airborne Warning and Control System (AWACS), F-117s, B-1Bs, C-5s, C-141s, AC-130s, and engines for the F-15 and F-16. These problems are manageable and we have them under control, but there is little margin for budget shortfalls. A related concern is the impact of contingency operations on combat training. Aircrew members operating heavily tasked systems such as AWACS and Airborne Battlefield Command and Control Center (ABCCC) aircraft have fewer opportunities to hone all their combat skills, and this can impinge on their warfighting readiness. Both supportability and training require stability in our O&M accounts. To accomplish this we support the Secretary of Defense's request for a readiness preservation authority which would avoid diverting money from readiness to contingency operations late in the fiscal year.

## ***SHAPE TOMORROW'S AIR FORCE***

The future readiness of our forces depends on revolutionary strategic planning and systematic modernization.

### ***Revolutionary Planning***

As General Shalikashvili said: "The combination of slower modernization rates and a rapidly changing threat environment makes long-range planning more difficult and more important." The Air Force has set

standards in this area, developing 25-year roadmaps across 40 mission areas to make the right decisions about our modernization needs. We evaluate alternatives ranging from changes in force structure, systems modifications, science and technology applications, and new acquisitions. Correspondingly, we continue to evolve our acquisition processes to more effectively and efficiently place the right capabilities into the hands of warfighters.

And this is just the beginning of our progress in Air Force planning and systems acquisition. 1995 is the 50th anniversary of the Air Force Scientific Advisory Board (SAB), whose first reports set the trajectory for Air Force modernization for decades. This year we are engaged in a similar effort by the SAB, Air University, our planners, and our acquisition activities -- challenging our best and brightest to revolutionize and institutionalize how we plan for and acquire the capabilities we need for the 21st Century. One of the areas we will work on is modeling and simulation. Recent wargames have highlighted deficiencies in the ability of existing campaign models to represent the multi-faceted combat power of air forces. Modeling simply hasn't kept up with incredible advances in air, space, and information technologies. We must improve our ability to model Air Force capabilities, weapons effectiveness, and concepts of operations.

### *Essential Foundations*

Air Force Science and Technology (S&T) innovation is the foundation of future readiness, but our strategies to maintain pre-eminence are changing. In prior decades, Air Force S&T was the driver that produced the most critical technologies. Now we must harness commercial applications in many areas. Therefore, we have revitalized the SAB as a nexus linking the Air Force to other government agencies, commercial sectors, academia, and our allies. The SAB has also undertaken an independent and comprehensive forecast of future technologies with the highest payoff for military aerospace applications. These efforts will help keep us at the cutting edge of technological advancements and promote affordable solutions to aerospace problems.

### ***Regional Warfighting Requirements***

Modernization objectives to meet two nearly simultaneous MRC requirements must be understood in their strategic context. Decisions made today have 30 year implications. Regional threats will change radically, and we might not have the luxury of a DESERT STORM-type buildup in the next war. We may have to fight our way in and race to establish footholds in one, or even two theaters. If we lose the race, the result could be a long, costly war.

The BUR recommended key modernization efforts to field high-leverage forces. These forces will secure footholds in a theater, blunt enemy progress, and lay the foundations for a sea and air bridge over which follow-on forces will travel. Moreover, portions of the Air Force lead echelon must be prepared to swing to help deter or defeat a second aggressor in another theater. In sum, BUR conclusions depend upon exploiting the capabilities of airpower, at sufficient operations tempos and with the right munitions, to help defeat two enemies on opposite sides of the globe nearly simultaneously. Within this context, we are focusing our modernization efforts in the following areas:

- Providing rapid global mobility
- Achieving air superiority
- Conducting lethal surface attack
- Dominating the information environment

***Rapid Global Mobility*** – The ability of a joint force commander to prevail in an MRC depends upon USTRANSCOM's capability to rapidly inject forces into a region. Our national strategy requires an estimated airlift requirement of 49 to 52 million ton miles per day. Furthermore, in the early stages of a deployment, more than 70 percent of this airlift requirement is for oversize and outsize cargo. Because the C-17 is the only airlifter able to accomplish all required missions, it is USTRANSCOM's and the Air Force's highest near-term modernization priority.

The C-141 is tired! It will continue to serve through this decade, but it makes better economic sense to modernize the strategic airlift fleet rather than temporarily extend the life of this aging workhorse. The C-17 is becoming a success story, replacing the C-141 at lower operating costs while delivering C-5-type payloads into C-130-size airfields. Production is ahead of schedule; we have received 18 aircraft so far. The first C-17 squadron became operational in January, at Charleston AFB, South Carolina, and is now supporting worldwide airlift requirements.

The Defense Acquisition Board's (DAB) C-17/Non-Developmental Airlift Aircraft (NDAA) Milestone III recommendations in November of 1995 will tell us whether we should procure more than 40 C-17s and/or augment the force with an NDAA. There has been congressional interest to put funds toward procurement of an NDAA prior to the November decision. However, key information will not be available until later this year, and we must not prejudice the DAB's decision with premature modernization decisions. The DAB's evaluation requires demonstrated C-17 performance data (due in July 1995), NDAA source selection results (due in September 1995), and completion of Air Mobility Command's Strategic Airlift Force Mix Analysis (due in the Fall of 1995).

Finally, in addition to strategic airlift modernization, we need your support to upgrade our air refueling and theater airlift assets. Major modifications to the radar, navigation, and avionics of the KC-135 will enhance the maintainability and supportability of the fleet. We are also embarking on a low rate production of C-130Js to replace our older C-130s. Both modernization programs provide manpower savings, increase our flexibility, better support our sister Services, and are necessary to meet our global mobility requirements in the next century.

**Air Superiority** — The initial battle for air superiority will determine the outcome of any MRC. Our early deploying fighter forces will have to engage the full weight of the enemy's air forces, missile forces, and surface-to-air defenses. This is why air superiority and the F-22 are our top long-term

modernization objectives. Modern air battles tend to be cataclysmic. An initial disadvantage can quickly cascade into outright defeat with profound consequences for the progress of a war. **Air superiority provides freedom of maneuver so that ground, air, and naval forces can end conflicts quickly and decisively.** Air superiority is fundamental to the safe arrival and resupply of forces. It is essential for protection of high-value assets that help achieve information dominance, such as JSTARS and AWACS. And to ensure success of all other offensive operations, U.S. air superiority must extend deep into enemy territory.

**This is why the F-22 stealth fighter is a national program our country needs.** The F-22 epitomizes what any prospective adversary respects most about American military power -- it is sophisticated, responsive, flexible, and extremely difficult to defend against. American fighting forces have had air superiority since the disaster at Kasserine Pass in the spring of 1943. The F-22 will ensure we sustain this record in the next century. With the proliferation of launch and leave air-to-air missiles, many foreign fighters are now at parity with the F-15. Likewise, the F-15 is highly vulnerable to advanced surface-to-air missiles (SAMs) which continue to proliferate at a disturbing rate. The F-22 provides the qualities required to fight outnumbered against future opponents and win:

- Stealth
- Supersonic cruise
- High maneuverability
- Advanced avionics

The capacity to rapidly deploy and engage over heavily defended enemy territory, and to achieve first-look/first-shot/first-kill decisions, underwrites the capabilities of all follow-on forces in an MRC. Finally, once the F-22 wins the contest for air superiority, it can quickly swing to surface attack operations -- penetrating heavy defenses unassisted in a strike role to destroy vital targets on the ground.

The F-22 program is at a critical stage, just approaching engineering and manufacturing development milestones. Our program managers are scrupulously following all Packard Commission recommendations for acquisition programs save one -- funding stability. We need your help to maintain stable funding for this national asset.

Another essential component of air superiority is suppression of enemy air defenses, which protects aviation forces that do not possess stealthy characteristics. By upgrading a portion of our F-16s with the High Speed Anti-Radiation Missile (HARM) targeting system, we will offset capability lost due to the retirement of the aging F-4G Wild Weasel.

Finally, **proliferation of ballistic and cruise missiles and Weapons of Mass Destruction (WMD) present the most serious long-term threat to air superiority.** Our modernization objectives aim at neutralizing these weapons before launch and very early in flight. This will help produce a layered defense in depth -- complementing terminal defense systems which may be ill-equipped to neutralize advanced submunitions or the effects of WMD. Moreover, by destroying WMD on or over enemy territory, we can create powerful incentives not to use them in the first place, better protect our forces if they are used, and thus shift our emphasis from "deterrence by threat of punishment" to "deterrence by denial."

The Air Force is pursuing technologies to improve our ability to search and destroy ballistic missile launchers through development of automatic target recognition and cueing systems for application with aircraft such as the F-15, JSTARS, and U-2. We are also upgrading the Joint Tactical Information Distribution System (JTIDS) to enhance joint operations against these threats. Improvements in attack operations provide the highest payoff in the theater air defense arena, but it is unlikely we can guarantee 100 percent success rates. Therefore, we are pursuing development of Space Based Infrared (SBIR) systems to provide accurate tactical warning of missile attack against our deployed forces, and airborne laser technology to provide

speed-of-light, catastrophic kill of theater ballistic missiles in the boost phase when they are most vulnerable.

- Boost phase intercept will help ensure missile destruction over enemy territory and prior to the release of advanced submunitions

Recent advances in this technology and success in live-fire demonstrations indicate the airborne laser aircraft can provide a flexible standoff platform that may also have application in an anti-aircraft and anti-cruise missile role.

***Surface Attack*** – The third vital requirement in an MRC is denying the enemy the ability to project power through surface attack -- and again, early successes reduce the costs of all subsequent operations. Airpower limits the enemy's freedom of action, disrupts his attack plans, and neutralizes his capability and will to resist. Our modernization objectives are centered in three areas:

- Recapitalizing our bomber fleet
- Upgrading our fighter forces
- Acquiring advanced munitions

The B-2's stealth, range, large payload, and quick intercontinental response will significantly improve our Nation's ability to determine the course of a conflict at its onset. To comprehend their reach, consider that B-2s, in a conventional role, staging from Whiteman AFB, Missouri; Diego Garcia; and Guam can cover the entire world with just one refueling. To understand their firepower, consider that six B-2s could execute an operation similar to the 1986 Libya raid but launch from the continental U.S. rather than Europe with a much smaller, more lethal, and more survivable force. In short, this platform combines the stealth and survivability of an F-117 with the range and payload of a B-52. The eighth operational aircraft will join the fleet by the end of the year to complete the first squadron. The B-2 has

already participated in Red Flag. Twenty of these aircraft will eventually enter the inventory to provide an operational force of 16.

While the B-2 will be used to penetrate the most sophisticated enemy defense, the B-1 will be the backbone of the fleet, with its greater numbers, larger payload, and higher speed. The B-1 recently demonstrated its capability to sustain wartime operating rates in a comprehensive Operational Readiness Assessment, greatly surpassing the required mission capable rate. We are retaining 95 B-1s to maintain an initial operational force of 60. Of the other 35 aircraft, 27 will be maintained in a reconstitution reserve status until we complete smart conventional munition upgrades. At that time, around the year 2000, we will have 95 aircraft providing an operational force of 82 fully modified B-1s.

Finally, the B-52H will continue to make a major contribution to the bomber fleet, with 66 B-52s providing an operational force of 56. Armed with Air Launched Cruise Missiles and Advanced Cruise Missiles, they will be integral to the Single Integrated Operating Plan (SIOP). They will also conduct standoff and direct attacks in conventional conflicts carrying the full range of advanced munitions.

Acting in concert, the bomber force will provide critical advantages in an MRC and a responsive swing capability to deter or respond to a conflict in a second theater. Budget constraints forced us to downsize the force, accepting increased risk in the short term. But resulting savings are funding upgrades so we can deploy a larger fleet with enhanced capabilities by the end of the decade. Once all 20 B-2s are delivered and the B-1Bs are upgraded, the U.S. will have a total of 181 of all three types in the inventory. This force will be sufficient for two MRCs and peacetime training requirements. If the situation dictates, the NCA can reallocate bombers to augment the U.S. nuclear deterrent posture. We will continue to look for ways to exploit the maximum potential of this fleet, and anticipate that the Heavy Bomber Study (expected in April 1995) will suggest initiatives for further refinement of this plan.

Second, we are modernizing theater strike and multirole platforms. The principal strength of these forces is their ability to sustain high combat tempos over long periods to maximize fire and steel on target. We are improving our surface attack capabilities by investing in F-15Es, F-16s, and precision subsystems such as LANTIRN and the HARM targeting system to provide accurate long range attack capabilities to the Joint Force Commander (JFC). We are also pursuing a Coalition Force Enhancement (CFE) plan to help fund upgrades. The plan will allow foreign military sales of older F-16s to improve allied capabilities and help fund newer F-16s for our Air Force. We are depending on your support to proceed with this CFE program.

No new strike aircraft acquisitions are planned for a decade. Soon after, however, we must produce the next generation strike aircraft based on the Joint Advanced Strike Technology (JAST) program. JAST is more than a technology demonstration effort. It is an aircraft acquisition program in its first stage. The key focus of the program is affordability -- reducing the life-cycle costs of follow-on strike aircraft and production programs. We are committed, with the Navy, Marines, and our allies, to field this aircraft in a timely fashion. JAST is building upon the substantial foundation laid and being laid by the B-2, F-22, JDAM, JSOW, and other DoD programs. By leveraging these and our science and technology programs, JAST reduces risk and cost, and increases commonality in our next generation strike aircraft. Programmatically, additional F-22 program delays will create a fiscal bow wave in the next century as the Nation attempts to field new fighter and strike aircraft simultaneously.

Third, the Air Force has made "a precision commitment." In 1944, it took 108 B-17s dropping 648 bombs to destroy a point target. In Vietnam, similar targets required 176 bombs. Now, a single precision guided munition (PGM) can do the job. This is how the F-117 stealth fighter destroyed 40 percent of all strategic targets while flying only 2 percent of all strike sorties during DESERT STORM. Precision munitions also enhance strategic agility. For example, just over three C-5 sorties per day could have supplied

every PGM used by the Air Force during the Gulf War. Consequently, the Air Force:

- Tripled the number of precision-capable platforms since the war
- Boosted PGM inventories by 25 percent above pre-war levels
- Developed new generations of PGMs with enhanced accuracy, standoff, and adverse weather capabilities

The one munitions program which is not on track is the Tri-Service Standoff Attack Missile (TSSAM). TSSAM cancellation was the right decision given reliability problems with the current weapon. Nevertheless, the joint requirement for a TSSAM-like munition still exists and will become more important in the future. We will actively explore affordable and reliable alternatives.

***Dominating the Information Environment*** -- The 1990s have seen the ascendance of another military role in which the Air Force plays a significant part -- dominating the information environment -- by providing global situational awareness and denying or corrupting any adversary's. Information operations are no longer a cost of doing business, but presence and warfighting methods in their own right. They substitute for force structure in some cases, and increasingly serve as a multiplier when force is required. As principal operator of our Nation's air and space information-gathering systems, we have stepped up to modernization challenges on behalf of joint warfighters.

This year saw development of an objective C4I environment for the 21st Century and a map to get there. Our proposal is not a grand design, but a set of nested plans that will allow rapid progress toward the goal -- harmonizing efforts throughout the DoD. We are working to build a global network with worldwide information access, common tactical pictures and bandwidth-on-demand for any application -- a system that will provide all U.S. warfighters

immediate access to the critical information they need, from any source, in any electronic form, to and from anywhere in the world.

This vision is already coalescing in the field. Our Space Warfare Center is bringing operations and support together from all Services to help make space support to the joint warfighters routine. In Haiti, our space support teams deployed in support of the JFC. For the first time, the JFC, National Military Command Center, and Service Operation Centers viewed a common tactical picture -- displaying everything from readiness data to imagery and weather at the click of a button. The Air Force is making similar strides developing conceptual, doctrinal, and legal positions on information warfare (IW); incorporating IW into education, training, and exercise programs; and developing operational capabilities. One important step was establishment of the Air Force Information Warfare Center in 1993, at Kelly AFB, Texas.

Information systems modernization proceeds apace. Our Space Test Program successfully flew 23 research experiments last year; we now have a fully operational constellation of 24 Global Positioning System (GPS) satellites providing worldwide navigation and targeting information to joint war-fighters; and the first MILSTAR supported joint communications in Haiti. Additionally, SBIR has made extraordinary strides in acquisition reform and will become the model for DoD programs. SBIR's streamlining focuses on documentation and oversight, simplified reviews, and continuous senior leadership involvement in program execution.

Our airborne information systems are also being modernized and netted to each other and to ground and space systems to produce large force-multiplying effects. JSTARS, for instance, is doing for the ground battle what AWACS does for the air battle -- allowing long-range identification of enemy movement to cue and guide timely interdiction. Likewise, our RC-135 Rivet Joint aircraft and U-2 reconnaissance platforms will continue to provide time-critical intelligence and imagery to the National Command Authorities and theater commanders. These kinds of capabilities improve situational awareness, reduce sensor-to-user times, and enhance command and control. They allow the joint force commander to retain the initiative in any situation.

We will continue to preserve these kinds of advantages in both manned and unmanned reconnaissance and surveillance systems.

Similarly, we are "modernizing our users" to make faster and better use of information. GPS modifications continue on all Air Force aircraft. Targeting information is finding its way from space and airborne sensors directly to the cockpit or smart weapons. Finally, our new mission support system is pulling together operational, weather, intelligence, threat data, and command and control information from all sources into portable work stations for Army and Air Force warfighters. These are precisely the advances we need to fully exploit the capabilities of a much smaller military.

***Space Launch*** -- Information dominance depends on routine, affordable, and reliable access to space. We turned the corner in space launch this year. Last year we saw more than 20 successful launches. We continued the Delta launch vehicle's perfect record, and returned the Titan IV to flight. We also submitted a space launch plan to the President and Congress to evolve our expendable launch systems and received funding for the first booster replacement in 30 years. The Evolved Expendable Launch Vehicle (EELV) will deploy a broad range of spacecraft, or multiple spacecraft, and support more demanding launch requirements. Finally, we are enhancing national capabilities through cooperation with industry at Vandenberg AFB, California, and Cape Canaveral, Florida. But this progress represents an essential beginning only.

- America's leadership in commercial space launch has declined from almost 100 percent market share in the 1980s to 32 percent this year
- We must continue to build on recent successes or the consequences for military and economic security could be serious

#### ***Joint Flight Training***

Finally, the Air Force is committed with the Navy to fielding a Joint Primary Aircraft Training System (JPATS). JPATS is an affordable way to

meet the requirements established by the SECDEF-directed Joint Pilot Training initiative. JPATS is currently in source selection, and we anticipate a selection from among the six corporate teams by mid-summer. This is one of seven acquisition reform pilot programs. We need your aggressive support for this program to improve our training capabilities and save taxpayers' money.

## ***SUPPORT OUR PEOPLE***

Our people are at the center of all we do. Meeting their core needs is not only essential to maintain readiness, it is the right thing to do. The Air Force is committed to providing a reasonable quality of life. This means three things:

- Providing acceptable standards of living
- Treating people with dignity and respect
- Managing stresses associated with high deployment tempos

### ***Acceptable Standards of Living***

The Air Force increased quality of life funding by five percent this year. We are focusing on key areas such as dormitories, housing, child care, and family support. We provide quality child care for 45,000 Air Force families each day, at reduced cost to parents, but we still have 8,000 children on waiting lists and cannot accommodate 50,000 to 75,000 additional walk-ins each year. These figures do not include those parents who have given up trying to get into the system -- we need to do more. We also are arresting growth of deferred maintenance for housing and exploring privatization to improve access to quality units. We continue to work toward providing private rooms for all unaccompanied enlisted personnel. Family support and single-member support activities such as parenting, chaplain services, and abuse prevention programs are reaching more and more people. And, in

response to an increasing number of members citing financial strains, we've doubled financial training given to all new recruits.

We have accomplished much, but more remains to be done. The President's recent commitment to the highest military pay raise permitted by law will help slow the fall in military pay raises against those of the private sector, but the pay raise gap generated in past years (currently at 12 percent) will remain. Therefore, we must continue to look for opportunities to improve the lot of those who serve in today's Air Force and their families. The DoD's renewed commitment to a better quality of life, through investments totaling \$2.7 billion, is an important step in our efforts to counterbalance that pay gap and to achieve needed retention levels. At the same time, we must pursue ways to reduce the substantial out-of-pocket housing and moving expenses now absorbed by military members. Air Force personnel currently absorb more than 20 percent of their housing expenses. Likewise, our people, who are being moved at our direction, absorb a significant amount of their moving expenses out-of-pocket.

A reasonable quality of life depends on more than just monetary compensation. The facilities and services we provide our people, including those supporting their morale, welfare, and recreation needs, are not just niceties, but key variables in the quality of life equation. We have been forced to cut back on real property maintenance funding for a number of years as we scaled back our base structure, but we can no longer afford to overlook this account. Our European bases, in particular, need immediate attention. The Congress has been cautious about committing funds until force reductions leveled out in Europe. They have, and now our military personnel stationed there need your support.

Finally, we are concerned that the propensity for young Americans to enlist is down 35 percent since 1990. Some speculate that young people doubt our ability to provide career opportunities that are challenging and stable. The recently enacted boosts to our advertising appropriation should help correct that misperception, but some concerns remain. We will aggressively monitor recruiting trends, and stand ready to commit the resources necessary

to enhance the attractiveness of military service should the current trend continue.

In sum, 1994 signaled a year of renewed dedication to more equitable pay, a better quality of life, and excellence in recruiting and retention. We will continue to build on these accomplishments in the year ahead and recognize our responsibility to move quickly in arresting any adverse trends that might emerge.

### ***Treatment of People***

The Air Force is setting new standards in the equitable treatment of people to enhance unit effectiveness and cohesion. We continue to focus on two areas: eliminating discrimination and harassment, and enhancing professional opportunities. Air Force leaders at all levels are getting the word out: *discrimination and harassment have no place in our profession and will not be tolerated*. We have a clear policy, continue to improve our educational processes, and empower our local commanders to deal with incidents in a frank, open, and progressive way. Our commanders understand the charge of the senior Air Force leadership: we hold commanders accountable for this policy.

Correspondingly, we can't keep good people unless they are continually challenged. Air Force opportunities for professional growth have been clarified and expanded. Past initiatives have resulted in life-cycle professional development paths that reduce uncertainties concerning requirements for advancement. New opportunities are also available to women, who now compete for more than 99 percent of all Air Force positions. We are also completing an extensive review of our officer assignment and evaluation systems to improve professional excellence within the institution. Once this is completed, we will review the enlisted promotion system.

Finally, the Air Force provides world-class training and educational opportunities for all of its people. Just as economic security depends increasingly on a lifetime of learning and multi-disciplinary experiences, so future military security demands that our airmen push new intellectual horizons -- both vocational and academic. We approach this objective

systematically, through life-cycle education and training systems tailored to requirements in different career fields. We also promote an ethic of personal responsibility for continued education, and have expanded opportunities in this area through increased funding of tuition assistance programs. As a result of our programs, we are the best educated military service in the world with over 99 percent of our enlisted force having high school degrees and over 77 percent having some college credit. Similarly, over 49 percent of our line officers have masters degrees and another 1.5 percent hold doctorate degrees. We're proud of the educational accomplishments of our people, and we intend to continue to provide education opportunities at all levels.

### ***Managing the Stress of Deployments***

Lastly, we are working to reduce the stresses associated with high deployment tempos. Personnel deployment tempos are up four-fold in as many years. For many of our weapons systems and specialties, this means deployments that far exceed our goal of 120 days per year. This creates stress for our people, not only because they have less time to manage their personal lives, but because they must leave their families for long periods. These people are professionals; they know this comes with the territory and they are proud of what they do. Nevertheless, we need to help by seeking ways to lower deployment burdens. Again, our Air National Guard and Air Force Reserve are answering the call in a superb manner. Today, we rely upon our reserve components in more mission areas than ever before. We are also distributing active duty deployment burdens through our Palace Tenure program. And, we will redouble our efforts to provide the kind of help for families left behind that is critical to the psychological well being of the member. In sum, we will continue to look for ways to reduce peacetime deployment rates to levels that are sustainable, not just for most of the force, but for the entire Air Force.

That is a brief overview of how the Air Force is addressing its top priorities -- ensure combat readiness, shape tomorrow's Air Force, and

support our people. But before we conclude, it is germane to highlight Air Force progress in another very important area.

### *Obligations to the Taxpayer*

The Air Force also recognizes its critical role promoting the general welfare. We call this Air Force citizenship. It has two dimensions: economic and social. We fully understand that Congress and the American people expect us to maximize the return on each taxpayer dollar. We also recognize our obligations to American communities, not only in time of need, but as full partners in the great American journey. A wide range of Air Force activities exemplify these commitments.

### *Quality Initiatives*

Air Force Quality programs are a model for our entire federal government. We are improving combat capability and saving a lot of money. We've cut 45,000 pages of regulations down to 16,000 pages of instructions, and substituted policy directives on CD-ROM that tell our people what the objective is, not how to achieve it. They can get authority to waive non-value added policy and are accountable for doing so. As a result, thousands of improvements both great and small are occurring every day. The magnitude of our people's accomplishments is impossible to summarize here, but one area must receive mention.

### *Acquisition Reform*

Nowhere is our progress more evident or more important than in acquisition reform. Our acquisition policy directives are being streamlined. Secretariat-level memos are down 65 percent. We have established a rapid relief process for policy relief requests. We are managing four of the five pilot programs authorized by Congress, and radical new approaches are making Secretary Perry's vision for reform a reality. Not long ago, even straight-

forward acquisitions such as desktop computers required almost 2,000 specifications. Our latest major computer acquisition required 44.

In an era of declining budgets, we do have two new major program starts in FY95 for Space Based Infrared Systems and Evolved Expendable Launch Vehicles. We have selected both as "lead" programs, delegating authority to the Air Force Acquisition Executive to maximize acquisition streamlining and waive any unnecessary procurement directives.

We are also spearheading innovative approaches such as dual-award and best-value-source-selection to induce competition; and commercial off-the-shelf and non-developmental acquisitions to meet requirements without duplicating systems development and costs. Our new software acquisition processes will ensure substantial savings for DoD over the next decade.

### ***Partnership with Industry***

The Air Force also plays an important economic role promoting dual-use technologies. The American aviation industry is one of the largest sectors of the economy and the United States dominates this market because of the remarkable symbiosis between military and commercial aviation sectors that has flourished for nearly a century. Therefore, we are expanding these relationships into space and other areas where objectives are vested.

Technology transfers from Air Force labs have jumped from 45 to 200 in two years; we've acted on 1,300 commercial inquiries; and we're managing 26 dual-use projects. Dual use of resources is also paying big dividends. For instance, if new space ventures had to duplicate launch infrastructure built by American taxpayers over the last 25 years, it is unlikely they would be able to compete in today's space market. Finally, we make available many windfall services with significant economic repercussions. For instance, civil aviation now depends on our Global Positioning System (GPS) constellation for navigation. Additionally, Air Force weather satellites provide critical real-time data to civil agencies, and Air Force-trained controllers guide much of our Nation's air traffic.

In sum, the Air Force takes the taxpayers' call for a more responsive and economical government seriously and has much to show for this commitment. For example, 71 percent of all BRAC savings to date are a result of Air Force base closure and realignment activities. Even so, there are three high-payoff areas where further progress is possible:

- Force structure -- infrastructure imbalance
- Roles and missions of the Services
- Space acquisition and management

First, force structure is down 30 percent, but infrastructure has been cut just 15 percent. Rapid progress on the current Base Closure and Realignment Commission (BRAC) round will address this imbalance and free up money for other pressing concerns and end turbulence that disrupts the lives of military people and our Nation's communities. We need your support to rapidly complete this process. Second, as technology and capabilities evolve so must our views on roles and missions. The declining size of our military demands abandonment of the business as usual mindset. Innovative thinking is key to reducing duplication and getting the most capability from our defense budget. To paraphrase General Shalikashvili, the combination of diminishing resources and a rapidly changing threat environment makes inter-service trust more difficult and more important. We fully support the efforts of the Roles and Missions Commission and look forward to positive and constructive recommendations. Finally, we are aggressively pursuing plans to streamline space acquisition and management. This is both a reinventing government issue and a roles and missions issue. We are working with the entire national security space program to implement more effective organizational structures, management methods, and acquisition practices. Though we provide 90 percent of the people and 80 percent of the funding that makes space operations possible, we will find ways to ensure full multi-service participation, and to ensure that space acquisition and management practices meet the requirements of all joint warfighters.

### *Environmental Excellence*

Our people garner accolades every year for their commitment to the environment. They've been recognized by the President's Council on Environmental Quality as having the best environmental program in the federal government. Moreover, our environmental programs are important to readiness because they enable us to maintain the community support we need to have continued access to our training areas. We operate 36 ranges encompassing some 9 million acres. Not only do these ranges provide airspace for critical combat training, but we demonstrate every day the Air Force is a responsible steward of this property. Our hazardous waste program is cutting costs while protecting our people and our communities. We have and will continue to work closely with all interested parties to ensure protection of our people, wildlife, and the landmarks that represent an important part of our cultural heritage.

### *Community Partnership and Leadership*

The Air Force plays a key role supporting communities across the Nation, and our citizen-airmen in the Air Force Reserve, Air National Guard, and Civil Air Patrol exemplify this role. As leaders in all aspects of community life, from youth mentoring to city government, they make community contributions out of proportion to their numbers and stand as a shining example for us all. They also bring home the benefits of airpower to Americans on the street and on the farm. Last year they extinguished wildfires in six states; protected 85,000 acres of crop yields; flew 136 rescue missions saving 27 lives and assisted in the rescue of 40 more; chased hurricanes across the Pacific and Atlantic; provided critical relief during earthquakes and floods in California, snowstorms in the Northeast, and floods in the Southwest. All this was accomplished while providing an unprecedented level of support to active duty forces in peacetime operations around the globe.

## **CONCLUSION**

*The United States is an aerospace nation.* America's Air Force exemplifies the ascendant role of air and space power in meeting our Nation's security needs across the entire spectrum of peace and conflict. Air and space power are increasingly fundamental in building U.S. influence jointly and globally through presence. More profoundly, air and space power increasingly underpin national capabilities to conduct decisive combat operations worldwide on short notice, while greatly reducing costs in blood and treasure. The tough, forward-leaning decisions we have made over the past ten years underscore our commitment to remain the premier air and space force in the world. And they also underscore our management acumen, as a responsible steward of the resources entrusted to us by the American people.

Tension between expanding security requirements and dwindling resources will continue to challenge us in each of our objective areas:

- ***Maintain Combat Readiness***
- ***Shape Tomorrow's Air Force***
- ***Support Our People***

But Air Force priorities within each area are clear and our plans to achieve them viable. As these plans develop, we will continue to build our team within the team, and push the envelope of capabilities within our full-service Air Force. We will act in partnership with CINCs and sister Services to ensure our warfighting commanders have the responsive and capable air and space forces they require to defend our national interests. And, as the future unfolds, we believe we will make an increasingly pivotal contribution in casting America's watchful eye upon the globe, wielding her sword and shield, and lending her helping hand.

The CHAIRMAN. Secretary West.

**STATEMENT OF TOGO D. WEST, JR., SECRETARY OF THE ARMY**

Mr. WEST. Mr. Chairman, Mr. Dellums, members of the committee, it is a pleasure to appear before you today to present the Army's budget and posture statement for this fiscal year.

As you know, a year ago when I came before you, I had about 3 months on duty in this position and was able to give you my impressions at that time. Now, having served an additional year with my distinguished colleague General Sullivan who, as you know, retires this summer, I have an additional base of experience to share with you.

America's Army has had a proud tradition of service to this country; 23 of the 40 signers of the Constitution were veterans of the Revolutionary War. This partnership that existed then and exists to this day between the Army and its civilian government, the Congress and civilian leaders, continues to be a source of support to us and to your soldiers.

This partnership has reflected in many ways in who we are, in what we do, and how we do it. Many of our challenges have remained the same over the years, but the Army exists in a much different, much changed environment; an environment that has seen the cold war go away and challenges, in some cases, as yet unnamed, take its place. The Army is asked to do more even as it is becoming smaller.

In the past year, we have had our third best recruiting year ever. Our third best year of success in meeting both the numbers and the qualities to fill the ranks of the U.S. Army.

That has not come without cost. The cost in terms of stress on our recruiting sergeants and officers, costs in terms of our experience that takes some 160 contacts for an individual recruiter to be able to produce one recruit to the U.S. Army.

We are different in other ways. We are different in our more seamless nature. We are committed to all components, Active, Reserve, and Guard, producing the results that this Nation needs. Recently, I returned from a trip to the Sinai where our battalion in the Sinai composed of those three components, composite, is working to carry out this country's mission in the multinational force.

The fact is that last year and in the past years and in this year, your Army remains ready, but it faces new challenges which I dealt with in my written statement which is submitted to you. But a few of those I would like to highlight now.

Readiness remains, as always, the Army's No. 1 priority. It does not exist in a vacuum but it is affected by the events that we experience. I say to you, as General Sullivan said before with confidence, that today you have a ready Army.

In the fall of 1994, there was some experience with reduced readiness in three units. Based on the use of funds for training, that would have been for training to meet contingency requirements. It was your help as a committee and as a part of this Congress in getting the supplemental through that helped us to address those shortfalls and to provide for the sustained readiness of your troops. For that, all of us thank you.

Readiness, of course, is not measured just in C-ratings, but in all the aspects of the ability of our troops to do the jobs: people, through training and pay raises and quality-of-life initiatives; equipment, through modernization maintenance and repair.

Second of our continuing challenges is quality of life. Inherent in a trained Army is the fact that our families will have a standard of living that will allow them to do their jobs. We believe that the administration's quality-of-life initiatives, as reflected in the current budget, are important. The willingness of the President to commit to full funding of pay raises in the years to come, consistent with law, is, I think, an important signal to our members that this administration, this Government, executive and legislative, stand behind our soldiers.

Even so, we note with some concern the apparent recent proposals that would affect retirement benefits for military and civilians and we hope that you would proceed carefully in that arena because of the signals that it sends to our men and women in uniform about our regard for their service; our willingness to stand behind the compact between them and us, that if they serve their country well, their country will not easily forget them.

Operations Tempo is another aspect of our readiness. It is an important factor whether our forces can do their missions. In this budget, we fund OPTEMPO at fiscal year 1995 levels—800 miles per year for tank crew and 14.5 flying hours per helicopter crew per month for the active component.

Installations have been addressed by your Army as have the other services in the course of our BRAC process. We believe we have made intelligent decisions there. I say to you they have not been easy for me or my colleagues here at this table. But we have tried to do the job honestly and with a consistent regard for two overriding principles: Taxpayer value and the maintenance of the national defense of the United States.

The Army remains prepared to undertake such missions as the country may give it. The contingencies that we have faced over the last several years and the way that your soldiers have performed are ample evidence of that readiness. Even so, we must find a way better to fund contingency operations rather than to have to scramble in our budgets to take them out of needed activities in order to fund these emergencies.

Several proposals exist. We would not propose to inform you as to how you should do that. We urge to you take that into account as you go about your deliberations.

Modernization remains critical to the future of the U.S. Army. We realize the difficulty, the difficult choices we face in funding near-term readiness. In some cases, at the expense of future modernization for your Army.

Once again, this year, our modernization budget, the two accounts, procurement and RDT&E remain flat or go a bit lower. We believe that we have done that prudently, that we are able to fund what needs to be funded. But that we cannot long continue to shortchange modernization for America's Army.

The fact is that the budget the President has committed to you for the Army this year is \$59.5 billion. It is the result of careful

crafting by our specialists in the Army, OSD, the OMB, and the administration.

We say to you, as did General Sullivan before me, that this budget adequately provides for readiness in this fiscal year. It funds operation and maintenance accounts at essentially fiscal year 1995 levels. It includes adequate funding for recruiting and retaining quality people and for that operational training that is essential to provide the edge that saves our soldiers' lives.

We believe there are adequate funding of quality-of-life programs here. We are careful to point out that the provisions made in this budget for strategic mobility capabilities for the Army that are contained not in our budget, but in the budgets of our sister services, is very important to us. And we hope that they will emerge from your deliberations as they have been presented to you in our budgets.

The fact is that the Army has performed well in the past and we anticipate that it will do so again. And our belief, Mr. Chairman, and members of the committee, is that is attributable to two factors: The extraordinary quality of soldiers that you are getting in our Army, reflective of the quality that we are finding across the services. My colleagues are experiencing the same results with their recruits. But the second is your own support of your Army through your deliberations, through your legislation, but through their knowledge, among our soldiers, that you are there to support them even as they are performing for the citizens of the United States.

We are grateful to you for that support, but we know that it does not exempt us from tough questions from you today. That is your duty. We will give you all the information we have and all the candor that you require. That is our duty.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Secretary.

[The prepared statement of Mr. West follows:]

RECORD VERSION

STATEMENT BY  
THE HONORABLE TOGO D. WEST, JR.  
SECRETARY OF THE ARMY

BEFORE THE  
COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES  
FIRST SESSION, 104TH CONGRESS

ON THE FISCAL YEAR 1996 BUDGET PROPOSALS  
AND THE POSTURE OF THE UNITED STATES ARMY

3 MAY 1995

NOT FOR PUBLICATION  
UNTIL RELEASED  
BY THE HOUSE  
NATIONAL SECURITY COMMITTEE

**STATEMENT BY  
THE HONORABLE TOGO D. WEST, JR.  
SECRETARY OF THE ARMY  
ON THE FISCAL YEAR 1996 BUDGET PROPOSALS  
AND THE POSTURE OF THE UNITED STATES ARMY**

Mr. Chairman and members of the committee:

I am pleased to appear before the committee today and to report on the state of the Army and to discuss the Army's recommended budget for the fiscal year 1996.

One year ago, I came before you with testimony that was based largely on my initial impressions from my first three months as Secretary of the Army. This testimony was reinforced by that of my friend and colleague, General Gordon Sullivan, who continues to serve with distinction in these final months of his long and distinguished career.

As you know, the partnership between the Congress and the Army, memorialized in the Constitution, is as old as the nation itself. Twenty-three of the forty signers of the U.S. Constitution were veterans of the Revolutionary War. Both of these great institutions have undergone much change over time -- change that has increased dramatically in pace and intensity in recent years.

#### A Changed Army

America's Army is steeped in a proud tradition of duty, honor, country and over 221 years of selfless service to the nation. Its primary mission remains to fight and win the nation's wars. Yet despite this element of continuity, the United States Army has changed in terms of who we are, what we do and how we do it.

People remain the heart and soul of the Army. The men and women who are joining the Army today are of the highest caliber. They test well; they are, for the most part, high school graduates; and prove every day that they are capable of doing the job. Our soldiers are as diverse as America itself. Each one of these individuals brings with them unique experiences and capabilities that enhance the Army; in turn, the Army provides them with top quality training and the opportunity for advancement based on performance.

Today's partnership between the Congress and the Army begins with recruiting. In Fiscal Year 1995, you provided an additional \$10 million for advertising, and lifted restrictions to enable us to put an additional 400 recruiters on the street. Fiscal Year 1994 was the third best recruiting year in Army history, in terms of the quality of our new soldiers.

The Army is transforming itself into a seamless organization, comprised of the Active Army, the United States Army Reserve, and the National Guard. Supported by outstanding civilians, these components come together to achieve the common objectives of the United States Army -- to fight and win our nation's wars, and to undertake Military Operations Other than War, both domestically

and abroad, when called upon to do so by the nation. During the past year, the Army has called upon Reserve and National Guard units to serve with, and where possible to substitute for, the Active force. Each part of the force makes a critical contribution to readiness.

This past year, the Army Reserve reengineered infrastructure by replacing 20 Army Reserve commands, which were needed to support our Cold War contingencies, with 10 Regional Support Commands. This plan will reduce overhead costs, redefine missions and greatly improve the readiness of the Army Reserve.

In all areas, today's Army is doing business differently. Under the auspices of the Administration's National Performance Review, and the Defense Performance Review and the Congressionally-mandated Government Performance Results Act, the Army is constantly seeking ways to do business better. The Army continues to rightsize in order to ensure that we spend our limited resources wisely. The Army is on the forefront of the movement to reinvent government. This year, the Army waived the requirement for use of military specifications that add costs to purchases, when commercial specification and standards will suffice. This move toward a national production base will enable the Army to equip soldiers with technologically superior weapon systems more quickly and at more affordable prices.

The environment in which the Army operates is also changed. All of the missions undertaken by the Army in the past year have been conducted jointly with our sister services. The Army is committed to jointness where feasible, and to cooperation with the Navy, Air Force and Marines. Joint training is becoming more and more often the rule.

Perhaps most importantly, the Army is changed in the ways in which it serves the nation. The missions of the past year have been unprecedented in their scope, depth and number. As a result, the Army has proven its versatility, responsiveness, and ability to better meet the challenges of combat, Military Operations Other Than War and domestic emergencies.

### **The Past Year**

Your Army remains engaged in many difficult and complex missions around the globe. Since 1990, Military Operations Other Than War have increased dramatically which translates into increased deployments for our young soldiers and their leaders. In the first quarter of Fiscal Year 1995, there were as many as 36,700 soldiers deployed worldwide, in addition to 118,000 stationed in places such as Germany, Korea and Panama. As of March 2, 1995, there are 26,699 U.S. soldiers deployed on 1761 missions in 70 countries worldwide.

Missions ranged from protecting the withdrawal of U.S. forces in Somalia, providing food, water, and other humanitarian assistance to refugees from Rwanda, assisting with the restoration of democracy in Haiti, building and maintaining refugee camps in Guantanamo and Panama, deterring aggression

on the Korean peninsula, fighting fires in California and the Pacific Northwest, and turning back the resurgent threats of Saddam Hussein in the Persian Gulf.

America's soldiers are more "on the move" today than at any other point in recent history. Often times we are the nation's response to upheaval and conflict, for we bring order and stability to people in need. The United States Army is capable of performing across the spectrum of conflict, as envisioned by our National Military Strategy.

### **A Look Ahead**

The past year provides us with experience, but it is unable to provide us with clear illumination of the year to come. The dangers of the post-Cold War era continue to emerge, as new regional threats develop. At the same time, the re-engineered Army that I have described will experience its own series of challenges. These challenges will shape the demands placed upon this Army and its senior leaders in the coming year.

While the scope of threats and issues remain uncertain, the picture of the resources with which the Army will accomplish its objectives is somewhat clearer. The reality is that all of us, throughout government and in the private sector, are facing an era of constrained resources. It is certain that in the future, America will have less military, but America will not need its military any less. The preeminence of our mission in the military, however, does not exempt us from fiscal reality. We must be able to fight and win the Nations wars and execute our other missions with efficiency.

An example of how the Army is utilizing the drawdown to resource future needs is the Retrograde of Equipment from Europe (RETROEUR). The scope and speed of force reduction in Europe is generating large quantities of excess equipment. Where this equipment can be utilized in the United States, it is being returned, repaired and redistributed. Equipment that is excess to the Army overall is being disposed of through the Foreign Military Sales Program and through Defense Reutilization and Marketing Sites.

The challenge for the Army has been and will continue to be balancing our needs in the immediate, near-term and long-term. We cannot sacrifice near-term readiness to pay for contingencies, nor can we ignore modernization and other long-term needs. We must recognize the continuum in time that exists between present and future, and leverage our resources optimally for both.

Additionally, several challenging issues which the Army has faced in the past year remain. They were present when General Sullivan and I testified before you last year and they will not go away in the months to come. The way in which we address each of these issues together will profoundly affect the United States Army and its ability to undertake its missions successfully.

### **Readiness**

Readiness remains, unequivocally, our number one priority. We cannot view readiness in a vacuum. It is not peripheral or incidental to us. It affects and is affected by everything that the Army does.

We are a ready Army, despite the fact that some units were not reporting the highest level of readiness due to training or equipment shortages in September 1994. However, these problems were transitory. In addition, pockets of reduced readiness have occurred in the past. In other years, the Army has experienced reduced readiness in areas such as equipment and personnel. We are working hard to ensure that all units receive the training and resources they need to do their job.

Readiness is not simply measured by the C-ratings, but by the overall state of the force. Readiness has many components: ready people, through training, pay raises and quality of life initiatives; ready equipment through maintenance and repair. To ensure readiness, we have strengthened funding in the FY96 Budget. In addition, we must manage our resources, prioritize our commitments, and focus our energies on all of those things that prepare our soldiers to do the job this country asks of them.

#### *Quality of Life*

Inherent in a trained and ready Army is the commitment to provide our soldiers and their families with a standard of living that is roughly equivalent to that of their civilian counterparts. Today's Army is smaller, more agile and is being worked harder than ever before. Soldiers deserve a quality of life that is commensurate with the seriousness of their mission. Improving quality of life remains a priority within the Department, not just because it is the right thing to do, but because it is crucial to the readiness and morale of the force.

We are very concerned with programs that preserve the "state of mind" of the force because they are essential to retaining quality people. Pay and benefits have the biggest impact, and I am confident the President's decision to fund future pay raises at the highest level allowed by law, along with the decision to designate \$2.6 billion for quality of life initiatives, will enable the Army to continue to retain top-quality soldiers. This money will go toward improvements in facilities and programs. The Secretary of Defense is committed to ensuring that the services have the support they need to provide their people with an acceptable quality of life.

#### **OPTEMPO**

Operational readiness continues to be the most important factor used by Commanders in Chiefs to determine whether Army forces are prepared to execute various missions around the world. One ingredient of that equation – Operations Tempo (OPTEMPO) is often used to gauge a unit's level of training. The FY96 Budget funds OPTEMPO at FY95 levels – 800 miles per year for tanks and 14.5 flying hours per helicopter crew per month for the Active component.

The FY96 Budget supports 12 brigade rotations through the National Training Center at Fort Irwin, California, 10 brigade rotations through the Joint Readiness Training Center at Fort Polk, Louisiana, and 15 battalion rotations through the Combined Maneuver Training Center at Hohenfels, Germany. In

addition, 12 rotations are planned for the Battle Command Training Program, a major computer-driven exercise for Division and Corps staff.

#### *Installations*

Because many of our installations represent a costly and limited resource not easily replaced, we have recently conducted a thorough and exhaustive review to match our infrastructure needs with our force structure requirements. Reducing excess infrastructure is a top priority within the Department.

We have been a full and active participant in the Base Realignment and Closure (BRAC) process. When decisions made in previous BRAC rounds are completed, we will have closed almost 20 percent of our installations in the United States and returned to host nations' control 60 percent of those in Europe and approximately 30 percent of Army installations in Korea. As part of the BRAC 1995 process, the Army has conducted a thorough review of its base structure and made some tough decisions in its recommendations. Reducing excess infrastructure is a top priority and will enable the Army to operate a smaller, agile strategic base.

As the number of Army installations declines and more of our troops are based in the United States, those installations that remain open are more important than ever. Commanders are finding new ways to work with their local communities to optimize scarce resources and provide mutual benefits. Throughout the Army, we must ensure that our facilities are fully-funded and well-maintained. This is critical to our state of readiness and for the quality of life our soldiers and their families deserve.

Responsible for over 12 million acres of land, the Army is committed to environmental stewardship of the land that it is transferring as part of the base closure process, and on the land it continues to occupy as a responsible part of the community. This leadership is not without cost, however. Our strategy is to become a national leader in environmental and natural resources stewardship for present and future generations through environmental compliance, restoration, prevention, and conservation efforts.

#### *Funding Contingencies*

The Army stands ready to undertake any mission that the nation's leaders deem necessary and appropriate. This must not be done, however, at the expense of the Army's primary mission, readiness for combat. Military Operations Other Than War can be complimentary to combat readiness in that they provide deployment practice and hone leadership skills at the non-commissioned and junior officer levels. These missions, however, can be detrimental to the Army's overall readiness when Operations and Maintenance funds must be used to pay for them. Modernization may also be subsequently affected by the need to compensate for funding shortfalls.

The Congress and the military should explore new methods of funding contingencies, so that the Army and the other Services can continue to

undertake a wide spectrum of missions in service to the nation with a minimal impact on overall readiness.

#### ***Modernization***

Modernization remains critical to the future of the United States Army. Although procurement dollars are not projected to increase for several years, we continue to develop new systems by leveraging and adapting technology from the private sector. Improvements to our existing systems are the best way to achieve the greatest returns for scarce resources and to leverage technology to the extent possible. Additionally, commercial technology provides a wealth of research and development potential that we have only just begun to explore.

Despite our focus on other initiatives, acquisition remains important and it is one of the areas that has benefited most from Army business reforms. By streamlining acquisition processes and adopting standard guidelines, we can acquire what the Army needs more quickly and at lesser cost.

This budget protects Comanche development, our top long-term modernization priority, at a minimum level. Additionally, this budget continues product improvements to the Abrams tank and the Bradley Fighting Vehicle, and the development of the Extended Range Multiple Launch Rocket System (MLRS); it continues improvements such as upgrades to the armaments and sensors for the Kiowa Warrior helicopter. The budget will also allow the Army to begin production of the Armored Gun System and the Hellfire missile for the Longbow Apache Helicopter in FY96, and low-rate production of the light ground station module for the Joint Surveillance Target Attack Radar System and the extended range version of the Army Tactical Missile System in FY96.

#### **The Budget**

President Clinton has submitted an Army budget for Fiscal Year 1996 of \$59.5 billion. The Army assessed needs and priorities carefully and made recommendations to the Office of the Secretary of Defense. The President's budget realistically reflects the demands placed upon the Army in terms of readiness in fulfilling its role in the National Security Strategy. This budget provides adequate funding for FY96 readiness and generally funds operations and maintenance accounts at FY95 levels. This budget includes adequate funding for recruiting and retaining quality people, adequate funding for operational training essential to provide the edge which saves lives, and adequate funding for quality of life programs which offer soldiers and their families with the same basic living environment as other Americans. This budget also provides funding to improve strategic mobility capabilities for the U.S. based power-projection forces, and prepositioning of material to reduce time and lift demands in a crisis.

The Army has performed well in the past, and the Army will continue to accomplish future missions because of the support of Congress and the American public. The American people expect that when the Army undertakes a mission, it will do so with maximum effectiveness and efficiency in terms of

people and resources. This budget is designed with that expectation in mind. The process and the decisions have not been easy and while there is never enough money to fix everything, the Army budget reflects the best possible balance of the resources available.

We must take steps to strengthen and reaffirm the proud tradition of partnership between Congress and the Army. In our shared interests and concerns, we ask you to join us in the responsibility of guiding and supporting the Army. Together we must ensure endstrength and fiscal stability, suitable force structure to meet readiness requirements, and implementation of the Army vision for Force XXI. I have every confidence that the Administration, the Congress and the senior leaders of the Department of Defense will continue to fund the Army appropriately in the years to come.

The CHAIRMAN. Mr. Dalton.

**STATEMENT OF JOHN H. DALTON, SECRETARY OF THE NAVY**

Mr. DALTON. Mr. Chairman, Mr. Dellums, distinguished members of the National Security Committee, it is indeed an honor and a privilege for me to appear before you today as Secretary of the Navy.

In my second opportunity as Secretary to review our posture with you, I am pleased to report that we are on course and speed to steam into the 21st century. The Department's programs, policies, and organizational changes are forward looking and in step with the rapidly changing challenges to our national security. They are validated by our successes in a wide range of demanding real world operations.

Our overarching purpose is to contribute the ready, capable naval forces required to fight and win our Nation's wars.

Our programs are balanced to provide for both the current and the future readiness of America's naval forces. In doing this, our three themes are right-sizing, recapitalization, and readiness.

You will note they are the foundation of our posture report. And I commend this, our posture statement, to you.

But at the same time, we remain focused on continuing priorities: Our people, our technology, and our efficiency.

Our posture is built for the task naval forces are called upon by the theater commanders in chief to perform, of which the two defining tasks are: Forward presence and power projection. These tasks are well described in our recently revised strategic concept, "Forward From the Sea," and are directed by the President's National Security Strategy of Engagement and Enlargement.

In fulfilling those tasks, naval forces provide unique, critical, and enduring contributions to our Nation. An outstanding recent example of the unique contributions that forward-deployed naval forces provide was Operation United Shield, our sea-based support for the withdrawal of United Nations Peacekeepers from Somalia conducted in the end of February and beginning of March of this year. The withdrawal was completed with great efficiency and with no American or U.N. force casualties because we had ready forces physically present in the theater.

Over 3,000 marines and 3,200 sailors embarked in six service ships along with naval and special warfare assets participated in this operation. The operation culminated in a classic amphibious withdrawal during which 1,600 U.N. and American personnel were reembarked with textbook precision in less than 4 hours. This most complex evolution was, like the entire Operation United Shield, completed earlier than originally forecast.

Our programs, designed to support a full range of mission requirements, are based on sound fiscal foundations and are evaluating the correct balance between the size of our force structure and our readiness to meet national security commitments.

We call this process right-sizing. We are continuously assessing this balance. Our approach includes aggressively reducing our overhead; restructuring our support infrastructure via BRAC; complet-

ing our decommissioning of ships and aircraft; and stabilizing our personnel end strength.

To ensure we have a modern force in the next century our programs are designed to recapitalize our force. These programs reflect the priorities established by the theater commanders in chief. Examples include construction of our first Flight IIA *Arleigh Burke*-class DDG.

Our advanced strike-fighter F/A-18E and F which passed the critical designing review stage in June and is on track for the first flight later this year; the Marine Corps medium-lift replacement aircraft, V-22 Osprey which the Defense Acquisition Board recommended for production in fiscal year 1997.

Commencement of construction of *Harry Truman*, CVN 75 and contracting for *Ronald Reagan* CVN 76; the Navy's cooperative engagement capability, a program that the Secretary of Defense accelerated due to the enormous enhancement it provides to forces; the maritime prepositioning force, for which you authorized funds for an additional ship; the *Seawolf*-class submarine program, to maintain our dominance in the crucial domain of undersea warfare; the new attack submarine which will more affordably continue that dominance over the longer term.

We recognize that people are key to readiness and we are committed to maintaining a proper balance between time deployed and time at home.

With your continued support, and that of the President and Secretary of Defense, we have instituted initiatives to enhance quality of life, particularly in the area of family housing.

The naval service remains committed to recruiting and retaining our Nation's best and brightest men and women. The Navy and Marine Corps achieved fiscal year 1994 quality and quantity accession goals, but both services missed delayed entry program contract goals.

Our fiscal year 1995 budget includes initiatives to address this problem. Moreover, we seek to reach more of the available pool of quality recruits through greater recruitment efforts in minority communities.

We are determined that our minority accessions will, no later than the year 2000, reflect the society the Navy and Marine Corps serve. We will also continue to expand opportunities for women throughout the Department.

We are continuing to improve the teamwork that is the hallmark of the Navy and Marine Corps on staffs and the Secretariat, as well as at sea.

Our goal is for the Department to serve as the role model for jointness. The Department's technology plan supports modernization by focusing on three major areas: advanced technology insertion, affordability and commercially available technology. All of these areas are discussed in greater detail in my testimony for the record and the posture statement itself.

One particularly noteworthy area, recognizing that resources are scarce and will not support development of many new systems, is that we have focused on updating existing weapons systems. Examples include upgrading *Hornet* to the far more capable F/A-18E/F and F. And adding night/all-weather capability to the AV-8A *Har-*

rier. Affordability is being considered at every step and basic R&D and through innovative effort which offer the prospect of reducing time required to field new systems.

Because we recognize we cannot afford to maintain defense science technology and industrial bases separate from the private sector, we are utilizing commercially available technologies available for military use and pressing for greater efficiencies through acquisition reform.

Cost reduction initiatives are being incorporated in every phase of the acquisition process and we are expanding the use of modeling and simulation.

Last year, I appeared before you and I told you what a great honor it was to serve as Secretary of the Navy. My admiration for our Navy and Marine Corps continues to grow. Our Nation can be immensely proud of the professionalism, dedication, and integrity displayed by the men and women of the Navy and Marine Corps. Two services, but one team.

The proof has been their performance during the past year. In addition to recent actions in Somalia, they serve today in the skies and waters of Bosnia and Croatia in the Caribbean, the western Pacific, and the Arabian Gulf, to name a few.

The Navy/Marine Corps team is ready, relevant, and second to none. Our Nation deserves no less.

I look forward to answering your questions and working with you in the coming year.

Thank you, sir.

[The prepared statement of Mr. Dalton follows:]

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STATEMENT OF  
THE HONORABLE JOHN H. DALTON  
SECRETARY OF THE NAVY  
BEFORE THE  
HOUSE NATIONAL SECURITY COMMITTEE

3 MAY 1995

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SUMMARY STATEMENT AS PREPARED FOR  
THE HONORABLE JOHN H. DALTON,  
SECRETARY OF THE NAVY, FOR ORAL  
TESTIMONY BEFORE THE COMMITTEES OF  
THE HOUSE AND SENATE,  
MAY 1995

Mr. Chairman,

Members of the committee, I welcome the opportunity today to review with you the posture of your Navy-Marine Corps team, to tell you our plans for the future, and to present our budget. I am particularly pleased that in this, my second year as Secretary, I am able to report that the Department has settled onto a course and speed that will move us into the Twenty-first century.

The Department of the Navy's broad range of forward-looking programs, policies and organizational changes are designed to keep the Navy and Marine Corps in step with rapidly changing challenges to our national security. Our naval forces are present forward around the world, ready and able to execute every mission asked of them. Our ability successfully to conduct a wide range of demanding, real-world operations over the last year has validated our approach, and the foundation on which it was based.

As you well understand, our ultimate, overarching purpose is to contribute the ready, combat credible naval forces required to fight and win our Nation's wars. Our plan this year is to follow through on the changes we have begun, making modest course corrections where practical and necessary. Our aim is to maintain a balance in our programs that will best provide for both the current and future readiness of America's Naval forces. A capable Navy and Marine Corps Reserve Force, seamlessly integrated with the Active Component, augments and reinforces the Naval Service

in peace and war. The broad outlines of our program are well established: we are committed to a rightsized, recapitalized, and ready force. These three themes -- **rightsizing, recapitalization and readiness** -- are the foundation of this report. At the same time, we also remain focused on key continuing priorities, including our people, our technology, and our efficiency.

Before looking at the posture of our force, I would like to draw your attention to the kinds of tasks that naval forces are called upon to perform. The touchstone of all our plans for the Navy and Marine Corps are two defining Naval tasks: Forward Presence and Power Projection. We describe these two tasks in our recently revised strategic concept *Forward...From the Sea*. Both tasks were formally endorsed in *A National Security Strategy of Engagement and Enlargement*, signed by the President in July 1994. These two tasks are also addressed in the recently published *National Military Strategy of the United States of America*. In fulfilling these tasks, naval forces provide unique, critical and enduring contributions to the Nation.

I would also draw your attention to the fiscal foundations on which our programming deliberations are based. Throughout this year we have carefully evaluated the correct balance between the size of our force structure and our readiness to meet national security commitments -- what we have called **rightsizing**. Our aim in rightsizing is to assess structure inherited from the past and, where warranted, to make it leaner so as to free funds to support our needs in the present and the future. Towards this end, we have been continuously assessing the interlocking components of our Navy-Marine Corps Team to maintain forward deployed, flexible, combat-credible naval expeditionary forces in the highest possible state of readiness. Our strategy includes: aggressively reducing our overhead;

restructuring shore support infrastructure through the Base Realignment and Closure process; decommissioning classes of ships, aircraft, and equipment; and stabilizing our personnel endstrength after a prolonged period of reduction.

If we are to realize the benefits of a modern force in the next century, we must invest in new systems and modernize other systems that we retain. In other words, we must recapitalize our force. Part of our strategy for future Navy-Marine Corps readiness lies in our modernization program. Our ability to fulfill national defense roles in the Twenty-first century depends on the weapon systems we are designing for future introduction to the Fleet and Force. Examples include:

- Construction of our first Flight IIA ARLEIGH BURKE-class guided missile destroyer;
- Our advanced Strike-Fighter F/A-18E/F, which passed the Critical Design Review stage in June and is on track for the first flight later this year;
- The Marine Corps medium-lift replacement aircraft, which came a step closer to reality when the Defense Acquisition Board recommended the V-22 Osprey for Low Rate Initial Production in FY 97;
- Commencement of construction on USS HARRY S. TRUMAN, CVN 75, and contracting for USS RONALD REAGAN, CVN 76, our tenth nuclear-propelled aircraft carrier;
- The Navy's Cooperative Engagement Capability, a program that the Secretary of Defense directed to be accelerated due to its critical role in joint battlespace situational awareness;
- The Maritime Prepositioning Force, for which you have appropriated funds for an additional ship;
- The SEAWOLF-class submarine program, to maintain our dominance in the crucial domaine of undersea warfare;
- The New Attack Submarine, which will more affordably continue that battlespace dominance over the longer term.

People are key to readiness. To help preserve that readiness, we are committed to maintaining a proper balance between the time our people spend deployed away from home and the time they spend at home. We are also determined to provide the best possible working environment for our people. Our job is to see that these fine Sailors and Marines are properly motivated, trained, compensated, and rewarded for their superb efforts. I can tell you, from my many visits to our Sailors and Marines in the Fleet and in the field, that they understand their responsibilities, they know how to do their jobs, and they perform superbly. With your continued support, and that of the President and the Secretary of Defense, we have instituted a number of initiatives to enhance their quality of life and that of their families, particularly in the area of family housing.

The Naval Services remain committed to recruiting and retaining our Nation's best and brightest men and women. High quality recruits mean better performance and less attrition, and they improve unit readiness. They are also a wise investment simply because they are far more productive throughout the duration of their service. Both the Navy and the Marine Corps achieved their FY 94 quality and quantity accession goals. However, each of the Services missed their Delayed Entry Program contract goals. Our FY 95 Budget includes initiatives to address this problem; we have increased funding for recruiting and advertising, as well as eliminated previous plans to reduce the size of the recruiting force. Moreover, we seek to reach more of the available pool of quality recruits through greater recruitment efforts in minority communities. We are determined that our minority accessions will, no later than the year 2000, reflect the society the Navy and Marine Corps serve. Our overall goal is to reach out and recruit the best men and women our Nation has to offer. Finally, we

continue to expand opportunities for women throughout the Department. We must have the best qualified Sailors and Marines, regardless of race or gender, serving our Navy-Marine Corps Team and our country.

We continue to improve the teamwork that is the hallmark of the Navy and Marine Corps. Officers of each Service, Active and Reserve, work side-by-side on the staffs of the Chief of Naval Operations, the Commandant of the Marine Corps, and the Secretariat. We want the Department of the Navy to serve as the role model for the successful integration of joint planning, programming and budgeting, acquisition, training, operational deployment, and warfighting.

The Department's technology plan supports modernization by focusing on three major areas: advanced technology insertion, affordability, and commercially available technology. We are pursuing advanced technology insertion in both current and new acquisition programs. Our pathbreaking programs include the V-22 OSPREY, the SEAWOLF and New Attack Submarines, and our AEGIS cruisers and destroyers. Recognizing that scarce resources will not support development of many new systems, we are also updating our most capable and relevant weapons systems, platforms and equipment by fully exploiting the most promising technologies available in the marketplace. Examples include upgrading the HORNET strike-fighter to the far more capable F/A-18E/F, and the addition of night/all-weather capability to our AV-8B HARRIER. Advanced technology insertion is fundamental to all of our efforts to maintain our technological edge.

Affordability is being considered at every step -- from basic research and development through transition of technology to our acquisition programs. By working closely with our partners in industry, through innovative efforts

such as Advanced Concept Technology Demonstrations and the Manufacturing Technology program, we are proving new concepts while mitigating technical and production risks before committing to full scale development. Because only the most promising technological opportunities are considered, we anticipate weapons system development at realistic costs. Advanced Concept Technology Demonstrations also offer the prospect of reducing the time required to field new systems by leveraging technologies developed in the private sector.

In view of reductions in defense procurement, we can no longer afford routinely to maintain defense science, technology, and industrial bases separate from the private sector. Therefore, we are pursuing two broad strategies. The first uses "spin on" technologies-- commercially available technologies that can be adapted for military use. By maximizing the use of Commercial Off the Shelf and Non Developmental Items, we benefit from technology that has already been developed for civilian use and can thus reduce cycle times and overall program costs. Our other strategy employs "spin off" military technologies that also have commercial application.

Finally, I am repeatedly pressing for greater efficiencies in the Department of the Navy. Acquisition reform provides a rich field for these efforts. Our focus is to insert commercially developed technology into our acquisition programs early. Doing so permits cost avoidance and allows us to benefit from access to the most advanced technology available. Best commercial practices are being applied in all of our procurement programs to acquire system performance, quality, and reliability in an affordable manner. Initiatives such as Integrated Product and Process Development are steps in this direction. Cost reduction initiatives are also incorporated in every phase of the

acquisition process. Process cost reduction is crucial to our ability to modernize with smaller budgets. We achieve significant reductions in cost through value engineering, streamlining our infrastructure, and expanding the use of Modeling and Simulation.

Last year when I appeared before you I told you what a great honor it was to be the Secretary of the Navy. My admiration for our Navy and Marine Corps only continues to grow. Our Nation can be immensely proud of the professionalism, integrity, and daily dedication displayed by the men and women of this team. I would like to assure you that, today, your Navy and Marine Corps is an exceptionally well-trained, well-equipped, and well-led force -- two Services but one Team. The proof has been their performance during the past year's fast-paced and complex operations around the globe. They serve today in the skies and waters of Bosnia and Croatia, in the Caribbean, the Western Pacific, and the Arabian Gulf, to name but a few. We are determined to provide the Nation with premier, combat-ready naval forces, able to execute our roles of forward presence and power projection. The Navy-Marine Corps Team is ready, relevant, and second to none. Our Nation deserves no less.

I look forward to answering your questions and working with you in this coming year.

The CHAIRMAN. Thank you very much.

And without objection, all of the written statements will be submitted in full for the record.

You know, I caution anyone about reading anything into the fact that you are being called as summary witnesses, cleanup hitters, whatever you want to call it. Save the best for the last. You characterize it however you want.

A lot of things have happened since we started having hearings this year. Things have evolved since that time. Some of us have tried to make the case that we have been cutting too much; that readiness suffers, especially modernization in the long term is at risk. And something needs to be done about it.

Some of us of are trying to make a case for stopping the cuts we feel have already gone too deeply into our military and affecting these things.

We have been working toward getting a better budget approved by this Congress for you to operate with. That remains to be seen, what we will eventually come up with.

But in trying to bring forth the point, when the service chiefs were before us earlier, we asked them the hypothetical question: that if you were able to allocate an additional \$1.5 or \$2 billion a year for each of our services, what could these funds be used for?

And the service chiefs responded, and in an interesting way. You could see the lighting up of their faces, because of all of the things they needed but were not able to work into the budget as we have it right now.

The Navy CNO was talking about additional DDG-51, LBD-17, 12 additional F&A-18C's. The Army, General Sullivan, talked about \$400 million for ammunition. We developed in some of these hearings that we have a shortage of ammunition. It is a big thing that people don't think about too much. You are familiar with it. And we hope by now that the American people are becoming more familiar with the fact that we are in bad shape from the standpoint of our ammunition supplies, money for mobility, money for barracks, and quality of life, family housing; \$175 million for readiness in depot maintenance; these kinds of things.

The Air Force was concerned about restoring money for the F-22; more money for F-15E's. More money for F-16 block '50's. More money for TSSAM replacement program that you are all familiar with, and, Ms. Secretary, you know what that means to the Air Force. And more money for the F-100 engine.

The Marine Corps is concerned about more for ammunition and small arms. More money and appropriate maintenance and MILCON. More for family housing and programs. More money for amphibious support ships and more funds for the AH-1 WAV-8A, the C-130J and CH-53.

These are the things that have been suggested that we need to modernize our force, to provide the readiness that we have to have, and the quality of life for our people.

And so I would like to ask that same question of you. You know, we have had kind of a standard joke—comment at least—that I make when you came to see me in the past. And I am serious about it when you ask me for support of your program in the Air Force and the Navy and the Marine Corps and the Army. And my stock

answer usually is, I am probably going to be able to support you more than you can officially ask for.

And I say that again today. Hopefully, we will be able to do that. And I don't think you will want to turn it down if we are able to get these additional funds. And, so, with that, I would like to ask you that basic question, and with the assumption, of course, that this money would be sustained, not just 1 year that we are coming up on now, but for the next 5 years. Which would amount to about, say, \$10 billion a year over what the budget is presently calling for.

So let's start off again, Ms. Widnall, if you might.

Ms. WIDNALL. I would like to make three points in response to your question. The first is that we recognize that we are in a very tight budget environment, so that I would just like to state that the Air Force budget, as submitted, does represent our highest priorities among some fairly tough choices. And so the budget before you is our budget judgment as to what our highest priorities are in all of the areas we talked about: readiness, modernization, quality of life.

I think a second point that I would want to make is a general point about program stability. You spoke about the F-22, and I have commented to many people, and it is generally accepted, that when you make a small change, what seems to be a small change in a program that leads to a stretchout, you end up with this multiplier effect of a factor of about 7 to 9.

And so the \$200 million sort of nick, what seems to be a nick out of the F-22 program, settles out into a \$1.2 billion increase over the life of the program. So I guess the second point I would want to make is a plea for program stability. That is the single most important contributor to growth in the cost of an acquisition program.

And then the final point I would want to make is that the Chief of Staff of the Air Force and I have a unified position with respect to the priorities in the Air Force, should additional funds be available. And they are just as you have stated; the F-22, mobility, the F-15E.

We have forecast into the future, and as of now, we have zero attrition reserve in the F-15E. So in the near future if we are to sustain that force, even through our planning to bring F-22 on board and ultimately to transition to a JAST outcome, we will need to begin to recapitalize F-15's. Not a large number. I think the total number is somewhere between 13 and 18, and I can supply that for the record.

With respect to F-16's, we know that at the turn of the century we will begin to develop a shortfall in F-16's that will occur before the F-22 comes on line. And the number there is somewhat larger. It is about 120. So recapitalization of the F-16, if not now, in the near future, is going to be required. Both of those lines are still open, so we have opportunities to do that in a very cost-effective way.

The TSSAM replacement is an extremely important issue. That is a force multiplier of major proportions. We have met with industry. We have gotten a lot of good ideas. We feel that a very cost-effective, streamlined acquisition program can be restarted. But in order to really do that in the most cost-effective way and in the most timely way, we will be looking for a small amount of 1996

funds in the neighborhood of \$50 million to allow us to begin working with industry to bring that program on line. So those are our priorities.

Beyond that, of course, quality of life and all the nicks that we had to take out of all of our programs clearly create another need in the Air Force.

The CHAIRMAN. Thank you, ma'am.

Secretary West.

Mr. WEST. Mr. Chairman, as my colleague said, what you have reported from General Sullivan's testimony is, in fact, the way in which we would attempt to use an additional amount, say, a billion or so, the first half billion in modernization, but that modernization being ammunition, trucks, the factors to which you referred.

The second \$400 million or so being in infrastructure revitalization, and that has to do with our installation, barracks, housing and all those things that have to do with both housing and training and making ready our troops. And then the last, what is left being in OMA.

But there is a larger point I would like to make about that, if I could, and that is obviously we do not seek an additional amount to the President's budget as submitted to you. We have worked very hard to craft the \$59.5 billion that is before you. We believe it reflects the priorities we have within the realities that we have.

One of the things that happens in our budgets is not that we desire to short modernization, but that once we budget for the things we have to do to make the Army ready right now to keep it ready right now, to see to the quality-of-life issues right now, and then when we look to modernization we believe there is more we can do and that is why you see the priorities he has laid out.

I think the second point is this: If, indeed, add-ons come at the expense of items put in our carefully crafted budget, we probably lose rather than gain. We would not want to see the balance that we put in there somehow disrupted in order to account for additional amounts that would be very difficult for us.

And it is what, incidentally, when we have to look for billpayers, they have been the billpayers. You have the priorities correct, as General Sullivan stated them. Those are ours, but the maintenance of the balance in the budget that we have presented to you, the integrity of that balance, is very, very important to your Army for success in the coming fiscal year.

The CHAIRMAN. Secretary Dalton.

Mr. DALTON. Mr. Chairman, our budget reflects our priorities and I think our budget adequately provides for the readiness of the Navy and the Marine Corps. I think our budget, the priorities are, I think, in line, and I want to emphasize the importance of and request your support for our budget and note the significance of the third *Seawolf* submarine that is part of this year's budget and the critical nature of that aspect of our budget.

But with respect to the overall question, I think it is important to emphasize the fact that for the Navy Department as well as for each of our services, our people are our No. 1 asset, our No. 1 priority. And we have, indeed, made the decision, which I fully support—the Secretary of Defense and President have made the decision to ask for the full pay raise allowable by law over the future

year development program and emphasize the quality-of-life issues that are important to our people.

And in so doing, when we made that decision, which I fully support, we did have to make other decisions that reflected in the FYDP, and for fiscal year 1996, as the CNO and Commandant pointed out, we did have originally funds for an additional BDG *Arleigh Burke*-class destroyer and 12 additional aircraft for the Marine Corps, additional infrastructure of base operation funding for 1996 and also over the FYDP, we would accelerate the V-22 and AAV. But I think the important point is that our budget does reflect what we need and we strongly urge your support of the budget that we have presented.

The CHAIRMAN. Thank you very much.

Mr. Dellums.

Mr. DELLUMS. Thank you very much, Mr. Chairman.

Noting that there are a substantial number of more junior members this morning, I think this is a very important hearing, I would reserve my time in order to give other members the opportunity to question the witnesses.

The CHAIRMAN. Mr. Montgomery.

Mr. MONTGOMERY. Thank you very much, Mr. Chairman.

Thank you, Mr. Dellums.

I really have just five comments and I only have 5 minutes, so if you want to fit in briefly what I say, certainly do so. And I welcome our Secretaries.

Now, you mentioned quality of life, all three of you did. And mainly for our enlisted personnel. For the Secretaries I will introduce a bill that will be referred to this committee and to the Veterans' Committee to ease the housing problems on military bases. Now this legislation will make it easier for enlisted persons to purchase a home off the base and be financed by the Veterans Department.

The Defense Department will have to put money up front to help on the interest rate for the enlisted person for just a few years. This legislation will eliminate expensive housing being built on the bases, plus this project can be done quickly if we can pass it in both Houses and get it signed by the President.

It will give the enlisted person and his or her family, the chance to own their own homes. When they are transferred from that base after serving 3 or 4 years, they can continue to own that house, they can keep their family there. They can rent it out and move their families. And eventually they can sell their houses and, hopefully, make a profit.

So, we think this has some merit to it. I am sure there are some roadblocks out there. But the Veterans Department is totally supportive of this project. So really it is going to be left up to the Secretaries and Secretary Perry if you buy on to this. I think it would give the enlisted person the chance to own his or her home while they are in the service and they will be treated just like we do other veterans' programs.

My other point, I will hope you will continue to keep using the National Guard and Reserve. Use them. Call them up. Use them. That is what they are out there for. The pay is good. I think they

are pretty well qualified. You have given them equipment. So I would say go ahead and use them.

Secretary West mentioned recruiting is going well. I hope you are right on that. We are getting some reports that recruiting is not going that well. I emphasize, go with quality and do not get into quantity. If you do that, you are going to get in trouble like we did in the late 1970's and maybe into the early 1980's.

And the Secretary of the Navy mentioned the new Navy carriers. I just want to point out that the U.S.S. *John C. Stennis* is a carrier and it will be commissioned this December and will be out sailing the seas.

So, Mr. Chairman, if anybody wants to comment on that.

Mr. WEST. Mr. Chairman, may I respond on one point?

Thank you for the question on recruiting. My actual words were that we met our goals last year, third best year ever, but it is not going easily. Every recruit is hard to get. There are downturns in propensity to enlist. And we are not abandoning our standards of quality or of numerical goals. But you are absolutely right, it is not going easily.

Mr. DALTON. Mr. Montgomery, I look forward to seeing your legislation with respect to housing. Housing is a major priority in the Department of the Navy. Frankly, my sister services here have done a better job than the Navy Department has done historically with respect to housing for our people. And I have in the last couple of years made a real effort to try to change that for the Navy Department, and this year's budget reflects over a 20-percent increase in funding for housing. And I enlist your support for that.

Second, we are moving forward with the Housing Finance Board, that I am hopeful will be a new initiative that will be another enhancement to that effort.

Mr. MONTGOMERY. Of course, we aimed it at maybe not building all of those houses and taking a long time, but saving a lot of money. If you can help that enlisted person own his own home and help him upfront on paying part of that interest for 2 or 3 years, I think it would solve your problem very quickly, Mr. Secretary.

Mr. DALTON. I look forward to seeing the legislation and will take a look at it.

With respect to recruiting, I agree with you on quality. Last year in the Navy Department, we were struggling to meet our numbers, I had a recommendation that we lower our quality, and my decision was not to do that, but to work harder. And, indeed, I will be sending a letter to every high school principal in the country this week letting them know about the opportunities in the Navy and the Marine Corps with respect to high school graduates, but I agree with you on the quality issue.

Ms. WIDNALL. Let me also respond.

We do look forward to a dialog with you, as I am sure does Secretary Perry, on the details of possibilities for improving housing through a variety of mechanisms. I know the Department will be coming forward to ask for what I might offer as a toolkit; different ways that they could approach involving the private sector in solving some of the housing issues.

With respect to recruiting, let me echo what my fellow service Secretaries have said. This is an item that gets considerable visi-

bility in the Department. I think we meet virtually every quarter, if not every month, to review the recruiting efforts in the services. We track our numbers closely and we are trying quite a number of innovative things.

Recruiters in the field are working very hard. They are certainly aware of the seriousness of the issue to us. And so far I guess the position of the Air Force is that we are cautiously optimistic.

The quality is up, though. I agree with you on the issues of quality. The Air Force has maintained its quality standards and we are meeting our quality goals.

With respect to National Guard and Reserves, we continue to, I believe, be a leader in the use of Guard and Reserves across all of our missions. We continue to look for innovative ways to do this. I believe it is hard to put a number on this, but I asked our people yesterday how to characterize it. I believe our use of the Guard and Reserve is up about 20 percent, so we continue to make big gains in this area. And, in fact, I think almost at this very moment we are having a handoff in the flight operation in Bosnia between the Whiteman National Guard unit and the New Orleans National Guard units. They have been sharing that mission for a month using each other's aircraft, and we are about to have that handoff and the Whiteman folks will be coming home and the New Orleans people are already there and they will bring the airplanes back in another 2 weeks. An innovative use of Guard and Reserve. We couldn't do the mission without them.

The CHAIRMAN. Thank you.

Mr. Bateman.

Mr. BATEMAN. Thank you, Mr. Chairman.

In deference to our younger or junior members, I will be kind of brief, but a couple of things I think need to be raised.

Much has been said and my subcommittee has focused on it more than anything else, about unforeseen contingencies. It has almost become the word that I hear almost as frequently in Congress as we hear "We are going to send a message." I am worried about the unfunded contingency problem. And certainly working with my colleagues to do something to provide a better way of dealing with what are truly unforeseen contingencies which we are going to have, and we are going to have more of them than anybody would like to have, but we are going to have them. And, quite frankly, I think we have handled it abysmally in the past.

But a disturbing aspect of all of this is that in this fiscal year 1996 budget submission, we don't have funding for ongoing operations. And you cannot call ongoing operations an unforeseen contingency.

For example, we have restrained the cost of the refugee problem at Guantanamo Bay to now something estimated at \$1 million a day. That was ongoing when this budget was put together. But that million-dollar-a-day-plus cost, there is nothing in this budget to reflect it. But you are paying the bills. And it is impacting your budgets and it is diverting things from what it was originally budgeted for to do it.

When your fiscal year 1996 kicks in and you start spending whatever is authorized and appropriated there, it is going to be impacted by whatever is going on in an ongoing operation, which,

hopefully, yesterday's announced change of policy will significantly, hopefully, impact.

But you have got the problem of the ongoing operation in Bosnia. And we face, in my opinion, not a risk but almost a certainty of standing behind a commitment that the President has made for up to 25,000 troops on the ground to facilitate the removal of the United Nations' Peacekeeping Force with the expiration of the cease-fire, that almost certainly is going to be saying we are going to get out. We cannot stay here any longer. There is no peace to be kept.

We have got to do a better job. And I would hope that this budget would at least have had something in it and would face the realities in this budget of ongoing operations that are not funded by any requests that I can find in the budget.

The other point I would make is your budget was put together—and take this with the preface that I have already given it—your budget was put together, I assume, last fall and in December and the early months of this year. It is now May. I cannot conceive that you do not look back at this point, in light of more knowledge and more ability to evaluate circumstances and say it does need to be tweaked just a little bit.

Whatever wisdom ultimately befell you and the Secretary of Defense and the President when it was submitted, is it a stabilized perfection that nothing thereafter suggests any modification in it? And if you tell me that you don't think there is some way this budget as submitted can be improved, I am going to be very, very puzzled.

Mr. DALTON. Mr. Bateman, if I could respond?

Mr. BATEMAN. Any of you can.

Mr. DALTON. I would like to say with respect to our budget, what you buy in the sticker price with our budget is a Navy-Marine Corps team that is deployed, that today, the 3d of May, we have 182 ships, 49 percent of our Navy is deployed—it is under way—29 percent of which is deployed doing nine exercises and operations in nine different countries, four battle groups, and two amphibious ready groups.

Part of the United Shield effort that I referred to will not be part of the supplemental. That is part of what you bought with our sticker price, with our budget, if you will.

And so I think what we have asked for is the opportunity to have the ships and aircraft and material that we need for the Navy and Marine Corps in this budget to remain deployed and to get the job done with our forward presence around the world.

Ms. WIDNALL. I guess I would add that I am certainly aware that there has been an ongoing dialog between Dr. Perry and Mr. Hamre and the various committees as to just what is an appropriate way to deal with contingencies. We certainly need the flexibility to be able to respond to a contingency and without, in some sense, you know, predicting the future.

So, I mean, we are deeply concerned about the issue. The impact of last year's supplemental in terms of offsets was very difficult for the Department, I am sure. So I think Dr. Perry would look forward to working with this committee to try to determine a way to build contingency plans into a budget.

Mr. WEST. Since I am the one who made the big point about contingency funding, Congressman, I accept your point.

I must say that when you consider how tightly budgeted we are, \$59.5 billion budget, there simply is not room for surprises in it. That was the very painful lesson we learned last fall when the diversion of moneys for contingencies left us with three divisions that lost opportunities for training. It has been my belief that in preparing our budget for submission to you, we attempted to fund everything that we could demonstrate we were going to be called upon to do.

For example, the projected 25,000 on the ground from Bosnia, simply something in the past that the Congress has not been willing to see us try to budget before. We actually were in the process of doing it.

As to the failure to fund ongoing operations, I simply don't have an answer for you on that one. That is a surprise to me.

And finally, on the question of whether there is ever perfection in the budget, no, I guess there is not, but we gave you the best we had and we hope you will preserve our balance.

Mr. BATEMAN. Thank you.

The CHAIRMAN. The gentlelady from Colorado, Mrs. Schroeder.

Mrs. SCHROEDER. Thank you, Mr. Chairman.

And I thank the three Secretaries for being here. I join with our ranking member in saying that I hope next year they will not be here as a cleanup but we will have them as the launch pad.

I have several things that I would like to say and then a question. First of all, I must say, Secretary West, how very disappointed the people of Colorado were with the Army. And let me tell you why. When Congressman Hefley had a hearing out there about Fitzsimmons, because our question was why did the Army change health services at DOD levels criteria when looking at Fitz, because they did well under health services, but the Army modified it, leaving that 13-State region which covers one-third of the United States without any—any Federal installation. And then also looking at the base closure thing, saying we are closing excess capacity.

How that, being the only thing in a 13-State region, that was considered excess, when in this city of Washington you have got Federal installations up the wazoo and in other places that are 8 miles apart, and so forth. We thought at least the Army could come and appear.

And suddenly they didn't have money for a plane ticket. I would have given somebody money for a plane ticket because we had people standing out in the parking lot and everything else. And I wanted you to know how disappointed we were. And we thought the people whose service you were turning off in 13 States who came in buses and everything else deserved better.

To Secretary Dalton, I appreciate what you have been doing on family housing. I am hearing everywhere that you and your visits have made a terrific impact. I have never seen such cheerleaders.

Secretary Widnall, I wanted to ask if the Air Force has as yet complied with last year's language in the bill that asked that the Air Force do, and all services do what the Army had done, vis-a-vis the sexual harassment complaint process? I know the Navy did

it voluntarily before the bill passed. And I have not heard whether the Air Force did. And so I would like for you to answer that question.

And then I would also like to know if each of the service chiefs could tell us how much money is in their budget for intelligence, like Army intelligence, Air Force intelligence, and Naval intelligence, if you could break that figure out.

Thank you very much again.

Ms. WIDNALL. Let me respond to that.

The simple answer is yes, the Air Force has complied, but that is part of a larger picture. As you know, I am the cochair of the DOD Task Force on Sexual Harassment and Discrimination. And we have, in fact, been working across all of the services since May. The report is actually finished and will be delivered to Secretary Perry, I believe, this week.

As part of that report, we have looked at all of the services' processes for complaint handling. We have established guidelines for time lines and process. And the fact of the matter is that during that process, this was almost a living, breathing task force, in the sense that every Service made changes in their system to bring them in to be much more effective.

So I am very pleased with the outcome of that, and I really look forward to sharing the results of that task force with you. And the successful working of those very much improved systems.

With respect to the intelligence, I will have to supply that for the record. I simply don't have it.

Mrs. SCHROEDER. Thank you.

Mr. DALTON. Similarly, I don't have the intelligence figure and will supply it for the record.

Thank you very much for the comment with respect to housing. It is a priority and we plan to continue to push that to the maximum extent that we can.

Mrs. SCHROEDER. Thank you.

Mr. WEST. Congresswoman Schroeder, with respect to the intelligence budget, we will supply that for the record.

With respect to your comment concerning the Army's course of conduct involving Fitzsimmons, I, too, am disappointed. I am disappointed at the underlying issue which was the requirement that we had to close Fitzsimmons.

I don't think we like to send any kind of signal that we value less the services which our employees, uniformed and civilian, render, especially in the medical care field or that we value less the sensibilities of the people in the region that are affected by such a decision.

And since I suspect that much of it has to do with the underlying decision, obviously, I assure you that that was a careful one, not one hastily taken, but I also say that not only did the Army in its own analysis reach the conclusion that we should take the action that we did, so also did a joint service, cross-service working group that looked at DOD provisions of medical services across the board. Both came to the same conclusion.

But on the question of how we have handled the issue of dealing with the community, it has been our policy, it is the President's policy, that we will deal quickly and sensitively with those issues.

And if we have failed to do it, then you are criticizing the right person, me. And we will see that we rectify that. That is not what we intended to happen.

Mrs. SCHROEDER. Basically, the problem was the community wanted to know why—and the commander was left with testimony faxed him from Washington. He didn't know because he hadn't made that decision. So people were very, very upset that the whole point of the hearing that about 1,000 people showed up for, we never got an answer for. And that is very disappointing.

Mr. WEST. They and you as their Representative have my apology.

Mrs. SCHROEDER. Thank you.

The CHAIRMAN. The gentleman from Utah, Mr. Hansen.

Mr. HANSEN. Thank you, Mr. Chairman.

I am very concerned about some of the modernization plans which I think are a vital cornerstone on our defense posture and strategic defense.

I have three questions, Secretary Dalton, I am very interested to hear your views on the Nuclear Posture Review's recommendation concerning a fleet of 14 *Trident* submarines fitted out with D-5 missiles. I would like to know the Air Force position on the NPR recommendation to maintain 3 active wings of 450 to 500 Minuteman 3's, and your commitment to the important Minuteman Guidance Replacement Program.

And Secretary West, if I may ask you a question regarding the National Guard and the Corps of Engineers who are called to go all over the world and do humanitarian things, like roads and hospitals, and things such as that. I am sure that is very fine and wonderful.

I am chairman of the National Parks, Public Lands and Forest Service Committee, and I have just wondered as I thought about that, why with a \$6 billion backlog, with our national parks falling apart, you folks doing that very same kind of work, and reputed to be the best in the world, why some of that work couldn't be done in some of the 368 national parks that are falling apart right now, and bring it home to our shore.

If I could ask those three questions for brief answers, I appreciate it.

Mr. DALTON. Yes, sir, Mr. Hansen.

I think the Nuclear Posture Review was a comprehensive review that was done in cooperation with not only the Defense Department, but outside the Defense Department. The Navy certainly played a role in that and we think that the 14 submarines with the D-5 backfit program is a cost-effective approach to that issue. And it is one that we think will work.

We haven't yet made decisions with respect to how those submarines will be split in terms of the Atlantic and the Pacific, but we will be reviewing that over the course of the next few months.

Mr. HANSEN. But it is your goal to replace the C-4's with the D-5's?

Mr. DALTON. Ultimately, they will all be D-5, yes, sir.

Ms. WIDNALL. We are committed to the Nuclear Posture Review, the 450 to 500 missiles with the 3 wings, and our BRAC recommendation reflected that commitment.

With respect to the Guidance Replacement Program, the last time I looked, it was in the budget. I can supply some details for the record for you, but we are committed to it.

Mr. HANSEN. The Guidance Program that you are referring to, you are trying to upgrade that?

Ms. WIDNALL. Certainly, the last time I looked, that was in the program. But I would like to supply the details for the record to you to make sure that I don't get in front of the headlights.

Mr. WEST. Congressman Hansen, with regard to your comment concerning the use of the Corps of Engineers, there is certainly no doubt that they are used around the world and in a number of activities in the United States. In fact, sometimes I think they may be one of the most popular instrumentalities of the U.S. Government. They are heavily subscribed. Their use, as you mentioned in locations around the world are, in essence, a part of this country's foreign policy of MIL-to-MIL contacts of enhancing our influence on other governments through the use of that ability.

To the extent that you should decide that a priority within that broad spectrum is to utilize them here at home in functions such as you have described, I have no doubt that the corps is capable of doing it, and we would accede to that priority. But it is a matter of how you wish to use that, in many ways, very heavily drawn-upon capability, but certainly they are capable of doing it.

Mr. HANSEN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The gentleman from Missouri, Mr. Skelton.

Mr. SKELTON. Mr. Chairman, thank you. I think that we should reiterate the testimony by each of these Secretaries that we really have an outstanding military. The young people that I have seen in all the services through the last year, the quality, hard work and dedication, I am just not sure the American people fully appreciate the great asset that we have, and I commend you for looking after them and taking good care of them.

Mr. Chairman, you also made my point on the need for additional funding for the military, and I appreciate your doing that. And without further ado, I hope and I have testified before the Budget Committee, for increase for the military budget, and I am hopeful that that will come to pass.

Secretary Dalton, the cold war is over. Many people say now that the Soviet Union no longer exists, why do we need another *Seawolf* submarine. Could you care to comment briefly on that, sir?

Mr. DALTON. Yes, sir, Mr. Skelton.

It is true the cold war is over; however, it is also true that the one area that the Russians continue to emphasize to a very, very large extent is their submarine program. As a matter of fact, the current or recent issue of—the Office of Naval Intelligence has a periodical entitled "Worldwide Submarine Proliferation in the Coming Decade," in which the Minister of Defense, General Grachev, says a nuclear submarine defense is the future of the armed services for his country. I recommend this publication to you and would urge you to consider it.

It is not just what the Russians are doing, which they continue to build significant high-quality submarines. They already have in

the water today a half dozen *Akula*-class submarines that are quieter than our improved 688-I. And it is imperative that we address that, and the third *Seawolf* will be a major step in getting that done.

This publication also points out there are 44 other countries in the world today that have a significant submarine program. So we need the submarine from a military point of view. The Joint Chiefs of Staff have tasked the Navy to have 10 to 12 *Seawolf*-level quieting submarines by the year 2012. In order to get there, we need the third *Seawolf* and then go into the new Attack Submarine Program in 1998.

In addition to the military need for the submarine, I also point out the fact that in the Straits of Hormuz, Iran now has two submarines and is buying a third one from Russia. Ninety percent of our logistics went through the Straits of Hormuz in Desert Storm. We need to make sure that we have a capability to keep those lanes open and a submarine program is very important for that purpose.

In addition to the military point of view for the need for the third *Seawolf*, I might point out that from a business point of view, we have already spent \$900 million on the ship. Not to complete it would be a mistake. If we failed to go forward and complete the third *Seawolf*, it will cost us at least \$7 million in additional costs in overhead in the SS-221 and -22, and the new attack submarines. So we would end up spending a \$1.6 billion or \$1.7 billion and have no submarine to show for it.

In addition to that, I think the industrial base argument, it is very important that we have a bridge to the new attack submarine and that we build the third *Seawolf* to make that possible.

So, I think it is very important that we complete the third *Seawolf*. And it is a part of this year's budget. And I strongly recommend and encourage the committee to support that *Seawolf* Program.

**Mr. SKELTON.** Thank you.

Secretary Widnall, documents have been delivered to my office this morning relating to the recent bomber study. And I must tell you, Madam Secretary, that I am sorely disappointed. I think the study is flawed because it appears that it is based upon the assumption that there will be a 2-week warning period before any conflict comes to pass.

I assume that those who worked on this study had very little historical knowledge. Winston Churchill once said, "War can come at any time." He had no day's notice when Hitler went into Poland. You had no day's notice when the Japanese bombed Pearl Harbor. You had no day's notice when Saddam Hussein went into Kuwait.

I am deeply concerned about this flawed study, based upon that it appears that for budgetary reasons, an end result was reached and the study was made to fit into that end result.

You need not comment on it. But I must tell you that is how I feel.

**Ms. WIDNALL.** OK. Let me—I am really not in a position to respond to that. It was interesting that you used the words "recent study." In fact, the study will be released, I understand, this after-

noon. I think the study may actually be on its way to my desk, but I have not had an opportunity to read the study.

Mr. SKELTON. I will loan you my copy.

Ms. WIDNALL. I have been briefed on the study and I am aware of the big conclusions, and I guess all I can say about the modeling is that the modeling that went into the study is basically the sort of scenario modeling that has been used in the Defense Department for really all of our recent modeling and simulation. Certainly, there was no effort to create a special modeling and simulation.

Mr. SKELTON. My suggestion is that whoever does this, do a little reading of history and that might help.

The CHAIRMAN. I thank the gentleman.

Mr. SKELTON. Thank you.

The CHAIRMAN. The gentleman from Massachusetts, Mr. Torkildsen.

Mr. TORKILDSEN. Thank you, Mr. Chairman.

And I would like to commend you, Mr. Chairman, for the leadership that you have shown for this committee in our very hectic few months we have been in session.

Just a few brief questions and points. Secretary Dalton, as you are aware, the Navy's fiscal year 1996-97 budget highlights publication cites the Navy's interest in renegotiating all contracts with respect to maritime prepositioning ships.

This Navy publication states that: "If the military Sealift command continues to be unsuccessful in renegotiating a fair profit rate, the Department will begin to purchase these vessels from current unobligated balances in the National Defense Sealift Fund."

Do you believe this expenditure is a good usage of an already overtaxed account? Will this action on behalf of the Navy add any additional Sealift capacity?

Mr. DALTON. The use of the National Defense Sealift Fund to buy out these vessels would be a last resort effort that would save taxpayers \$1 billion over the life of the ship. It is our desire to renegotiate this contract to reflect current market prices similar to what we have done with the eight other ships under two different contracts.

This effort will save dollars and help bolster the NDSF or the National Defense Sealift Fund.

Mr. TORKILDSEN. Thank you, Mr. Secretary.

Secretary West, while the M1A2 continues to be a public priority for the Army, I am concerned that the fiscal year 1996 budget request reflects a different story. To support the Army's aggressive fielding schedule of the M1A2, the minimum production rate of 120 per year is necessary, and the GAO reaffirmed this 120 rate. Unfortunately, the Army budget only supports 100 upgrades per year.

Do you recognize this as a problem for the Army? And if so, what do you think a solution to it would be?

Mr. WEST. I think we are comfortable with what we have submitted in our plans, Mr. Torkildsen. The fact is that the M1A2, as you said, is a priority for us. It is important to us, but we think the plan that we have crafted will do it. I am aware of the GAO study and I am also aware that that is the contractor's point of view.

Mr. TORKILDSEN. You believe 100 per year is sufficient, even though for cost reasons, at least, there is some evidence of 120?

Mr. WEST. We can do what we have to with what we have planned.

Mr. TORKILDSEN. Thank you, Mr. Secretary.

And for Secretary Widnall, I guess I have more of a comment than a question. Certainly, an area that you are well aware of.

Last year's authorization bill requested that the Defense Science Board conduct a review of FFRDC's. The DSB has completed this review, and I understand that the report will provide recommendations on the future role.

I have worked closely with two FFRDC's in my district, and I want to express my support for the missions that they have. And I would hope to work with you as these missions are redefined, that they continue to play a crucial role in our Nation's defense.

Ms. WIDNALL. Let me say that I believe that FFRDC's are a unique capability that the Defense Department badly needs. They fill in a gap between development organizations and the totally commercial private sector. They play a unique role.

Mr. TORKILDSEN. Thank you very much.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. I thank the gentleman.

The gentleman from Virginia, Mr. Sisisky.

Mr. SISISKY. Thank you, Mr. Chairman.

Welcome. I was not going to bring up the *Seawolf* but after the question was brought up, I just want to relate one thing, Mr. Secretary. Some of the fears of members of this committee is that historically a new line of submarines have not been on time. You are predicated the industrial base and the finishing of 23 as a bridge. Could you guarantee us that there will not be an SSN-24? That is some of the fears that members have, if your answer will not be too long.

Mr. DALTON. We have—the third *Seawolf*, SSN-23 is the third and final *Seawolf* submarine. Our plan is to go into a new attack submarine in 1998. It is smaller and more affordable. It is what we need for the future, but we need to complete the third *Seawolf* because we have already spent almost a billion dollars on it and we need the ship.

Mr. SISISKY. I understand, but I am relating some of the fears that the members have from a historical perspective. This has happened before.

Mr. DALTON. I understand, and I would like to make it clear that this is the third and final *Seawolf*. It is the first submarine that we have requested from this Congress since 1991. It is in this year's budget. It is a major priority and we would like very much to have your support for it.

Mr. SISISKY. The Readiness Subcommittee was on a trip last week and we went to Guantanamo Bay. Of course, I didn't know the President—although I told him what to do, was going to do it. No.

There was something that bothered me and maybe you could explain to me what happens. For instance, USACOM was in charge of that, and they say we need so many Army and so many Air

Force. There is an Air Force general down there in charge of it, but the bill-payer is the Navy.

How does this work? There is a million dollars a day. Is it taken out of the Atlantic Fleet, because it is Atlantic? Does that mean that we are going to repair less ships coming out of there?

You are in the Sinai. Who pays that there? I mean, it is really difficult for me to understand.

And while I am on that, I said I was not going to bring this up, but I will bring it up anyway. There is an Army base that is on the base closing list. Surprisingly enough, I think 40 percent of the business on that base is not Army. Actually, probably 80 percent of it, when you talk about the Reserves and National Guard, the Marine Corps uses about 40 percent.

The Navy Seals use the base. The Air Force uses it for low-level attacks without complaints from the people. The Navy uses it off of the carriers. And yet the Army is picking up the total tab. I don't blame the Army.

Is there anything within the services that when you joint use a base that you could share the costs of this? Is there anything like that? That is enough to give you.

Mr. WEST. Let me just, since you asked me about an Army base in the Sinai, first on the Sinai, the cost comes out of the Army budget. We are the ones who sent that battalion there. We are carrying the costs.

For example, 70 percent of the enlisted are Army National Guard. The officers and NCO's are split half and half between the Guard and Active Army and the remaining percentage of the enlisted are split between Army and Army Reserve. So we have all three components there. And we are the ones who assess how much it costs, what its relative costs are.

Is that a more expensive or less expensive battalion, and we assess it because it is funded out of the Army?

In essence, when a service acts as housekeeper at its base, and houses other services—and we all do it for each other, or houses OSDF, DOD agencies, which is quite common—the service who owns the base, if you will, is the executive agent for providing those housekeeping services and we are expected to budget for it, and we do.

And I think if there seems to be an element of unfairness there to one of the other services, that averages out. But my sense is it averages out over the scope of our DOD-wide activities in that we are all called upon to do that. For their own particular staff, the Air Force, obviously, would carry a personnel cost for its people located there. But the housekeeping part, yes, the particular service would carry it.

But that does not mean by any means that all the costs incurred at that location are in one service or one entity. I hope that is sort of clear. I hope the last part doesn't confuse it.

Mr. DALTON. Mr. Sisisky, with respect to Guantanamo Bay, the Navy Department is the executive agent. With respect to how the funding will finally be resolved, it is being debated in OSDF, and I will be glad to supply that for the record.

Ms. WIDNALL. With let me just add that our budgets are really premised on jointness, and we have sort of a common budget proc-

ess within the Department and plenty of opportunities to make trades across the services based on the capabilities that we all bring.

For example, the Air Force is the executive agent for space launch. That is in our budget. We provide those services to DOD.

Mr. SISISKY. If I may, Mr. Chairman, Mr. Secretary, I asked about joint use of a base. Is that what you really meant by that? That the executive or the—

Mr. WEST. At that base, we would be the executive agent for the housekeeping activities. Each of the tenant organizations, of course, would fund its personnel costs. But if there is overhead, if there are lights and all of those things that are part of making it operate, the executive agent, in that case the Army, would budget for it.

Mr. SISISKY. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentlelady from Jacksonville, FL, Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman.

Secretary Dalton, with the decline in the number of carriers that we have seen in recent years, the Navy is no longer able to maintain a concurrent continuous presence in the Mediterranean, the western Pacific, the Persian Gulf, and the Indian Ocean on a year-round basis, and I am concerned that the continuous decline of the carrier fleet to 11 active and one reserve will diminish our abilities to meet emergent needs.

In March, this committee heard testimony from Army General Joulwan who asserted that there is no substitute for the flexibility that having a carrier in the Mediterranean year round provides. And last month, I was in the Kuwaiti desert and an Army general told a group of us there exactly the same thing with regard to the Persian Gulf. I have had two Army generals tell me about the importance of more carriers.

Could you please comment on the Navy's projected ability to deploy carriers to these potential trouble zones and the Nation's plans to provide presence in these areas when carriers are not able to be deployed. Is any consideration given to postponing the retirement of the U.S.S. *America* and maintaining a 13th carrier?

Mr. DALTON. Ms. Fowler, we are not able to have two carriers in the Mediterranean any longer, as you point out, and indeed since the end of the cold war, we have adjusted how we do business. And I might also point out that we no longer have 10 ships that are part of a carrier battle group. We have about half that number today, so we are dealing with a different Navy. We have a tether policy which affords us the opportunity to cover an area, but not be there 100 percent of the time.

As recently, in the last year, we had a carrier that was in the Mediterranean go through the Suez Canal down to the Red Sea when we had a problem in the Persian Gulf. And so we had no carrier in the Mediterranean during that period of time. But I think we did a careful analysis of the number of carriers that we need as part of the Bottom-Up Review and felt that 12 carriers, the 11-plus-1, was the right number. It is cost-effective. It was driven by what is needed and also what the available resources are.

But I think we did get it right. At the time there were some who were proposing 6 or 8 or 10 carriers. We think that the 12 carriers is the right number, and we have no plans to change that at this time.

Mrs. FOWLER. The general commented that when Hussein made his move last fall, it was because the carrier had left the Persian Gulf. And he knew it, and his guys were on the frontline with very little backup there for a couple of weeks. I hope that we can continue down the road to look to increase our carrier force.

One other thing that I would like to ask is in that this year's budget submission, you called for a delay in the retirement of FFG-7 frigates to meet Navy requirements. I agree with the continuing need for our presence. I think that is desirable. So I appreciate that.

But I am concerned that as you retain more of these frigates, there is going to be a major shortfall in the number of LAMPS-3 helicopters available for service aboard them and other service combatants, and I am concerned as we move forward in the SH-60B and F to the SH-60R model, we are going to experience further shortfalls.

And it was expressed again when I was in Bahrain. Admiral Redd was pointing out the need for these helicopters. You pointed out the submarines in the Straits of Hormuz. If we do not keep our antisubmarine activities going, we are going to have a problem.

What is the Navy's plan for addressing these shortfalls?

Mr. DALTON. We have requests for two frigates to be retained in this year's budget. That is something that we are going to address each year in terms of the number that we will retain. We don't need LAMPS helicopters on each one of these frigates. Ones that we are using in the Caribbean with our drug enforcement policy, that program, we don't need helicopters for ASW work with respect to those ships. We think we are in good shape with respect to the number that we have at this time and it is something that we will continually address.

Mrs. FOWLER. You don't view that there is any shortfall at all?

Mr. DALTON. That is correct.

Mrs. FOWLER. You just mentioned in your testimony that the maritime prepositioning force was a key mechanism for ensuring our ability to fulfill our national defense roles in the 21st Century, and I totally agree with you. I was in Diego Garcia where we visited our prepositioned ships there. I know the Army has a good program going. We agree there is a need for this.

Would you comment on the utility of having additional ships in the MPF program to provide for a fully enhanced MPF?

Mr. DALTON. I will be happy to provide that for the record in terms of whether we need additional ships in that area.

Mrs. FOWLER. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from Virginia, Mr. Pickett.

Mr. PICKETT. Thank you, Mr. Chairman.

Secretary West, I recently had occasion to see a demonstration of an Army unit from Germany coming to Kuwait, taking over some prepositioned equipment and then exercising in the desert

and training in a way that they are not able to train in Germany at the present time.

The question I have is whether your budget is going to adequately cover the prepositioning of equipment for the Army, and tell us a little bit about what your plans are about prepositioning Army equipment in the 1996 fiscal year.

Secretary Dalton, the antiballistic missile defense and cruise missile defense are two key issues for the Navy. I would like to know if these two programs are adequately funded in the Navy's 1996 budget. And particularly with reference to the Navy theater-wide ballistic missile defense programs.

And Secretary Widnall, I had occasion recently to speak with the program manager for the B-1 bomber, and had an excellent explanation of how this program had developed and where it is. I would like to know if you have in your 1996 budget adequate funding to complete the upgrades that are required for the B-1 bomber and also for the electronic countermeasures issues. It has been a thorn in the side for this aircraft for a long time. How that is coming along and whether that is going to be adequately funded in your 1996 budget?

Mr. WEST. Let me go first, if you will, Congressman Pickett. With respect to whether we will be able to fund everything we want to do, we will be able to make progress in doing what we want to do this year.

Our plans, for example, with respect—I was thinking about that as you were speaking, Mrs. Fowler, with respect to pre-po strategy is to allow us to have the sets in place so that we can then fly in, principally the heavy sets, fly in our personnel and put them right on the equipment.

And, indeed, one of what we think was an effective strategy with respect to the return to Kuwait was that we were able to have our unit fall in so quickly, move to a place in the line in Kuwait, and thus demonstrate to Saddam Hussein that we were present and ready before he could move further.

The sets consist of nine armored brigade units, two armored division sets, and several echelon above sets, and this is global, not just in the area of which you spoke about.

Around the world we have PACOM, for example, where there would be an armored brigade ashore and CENTCOM with armored brigade sets and also ashore. And in the area in which you spoke of, we would have five armored brigade sets, division based sets, and some sets ashore as well.

The fact is that some of this is going to rely on permission from the affected nations and we have received that. Some of it is going to—we are going to get some funding from affected nations. For example in Qatar, we thought we might get the OMA and the MCA funded by that country. That doesn't seem to be worked out yet.

In terms of our budgeting and being able to do what we want to do, we are also getting or pursuing participation in the costs by the nations in which we would locate these sets. With respect to what we put afloat, that of course we are funding ourselves.

I think we should be able to fund as we would like. I have some figures that I think it would be better if I submitted them to you.

They are quite lengthy and that would give you a clear picture of what we are doing.

Mr. DALTON. Mr. Pickett, the threat to ballistic missile defense is a major priority of the Navy department. We have invested some \$40 billion in the Aegis system. We have \$200 million plus in the budget this year for lower tier. And I have a stable funding level for upper and lower tier. They are both priorities. We work with the theater ballistic missile defense office with respect to the development of that program, and I think it has the support of not only the Navy department but the Secretary of Defense as well.

Mr. PICKETT. You didn't mention the defense for the cruise missile.

Mr. DALTON. We feel comfortable with our cruise missile defense program, yes, sir.

Ms. WIDNALL. Let me say a little bit about the B-1 bomber. I think we are, with the upgrades that you mentioned, really positioning the B-1 bomber to be the backbone of our bomber force. We have extremely good news in the operational readiness assessment. It demonstrated that with even a reasonable provision of spare parts and equipment, that that bomber could meet substantial improvement in mission capable rates.

In our budget, we have programmed money for the conventional munitions upgrade program and for the UCM program. So I think that program is on track and we really look for the B-1 to be the backbone of our bomber force.

Mr. PICKETT. Thank you.

The CHAIRMAN. I thank the gentleman.

Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman. I want to certainly add my words of welcome to the Secretaries, as always, you do a highly admirable job in advocating the positions of your various constituent services. And I certainly don't envy you in these most challenging times. But we do admire the work that you do.

That advocacy position, I think, leads us always to expect as happens as each Secretary comes in and speaks about the needs of the branch of the military over which they preside, that, is usual. And I suppose that is why Secretary West, I was particularly interested in your comments in support of some of the budget allocations that were advanced for your sister services, particularly those relating to strategic mobilization capabilities. I wonder if you could expand upon that a little bit and help us understand the relevance of that and the particulars.

Mr. WEST. Congressman McHugh, I was thinking when Mrs. Fowler was speaking about the two Army generals endorsing the carrier for the Navy they would have probably endorsed some other Navy programs as well. The fast roll-on/roll-off ships that the Navy has budgeted for provides us with important sea lift, provides us to be able to transport those forces in addition to the ones that fall into the prepositioned sets are very important to us.

We are pleased that they have been included in the budget. We have worked to make our requirements known. The Navy, the Secretary of Defense, and the President have included them in the budget. I think what we would say about that is we ask you and

the committee to do all you can do to make sure that those remain there and are made available.

We would also speak in support of a program that the Secretary of the Air Force has already mentioned, the C-17. I will leave it to her to describe what we will begin to see as a string of successes by the Air Force in managing that program and bringing it on line. Twenty or so have been delivered already.

But for us in the Army it represents a different kind of success. A success at getting your Army, with large loads, loads about the side of the C-5A, with loads that are of awkward shapes, put on to small fields and into what we call in the trade "austere landing areas." That will be very important for getting your soldiers where they are needed. So we support that as well.

And, again, I ask you to assist the Air Force and us in making sure that that money remains there for that purpose.

**Mr. MCHUGH.** Thank you.

Secretary Dalton, having just had some praise heaped upon your budget request by Secretary West, and recognizing that sometimes along the budgetary path there are those of us in politics who like to play inside with the numbers, can I assume, and the rest of the members assume, that indeed you and yours support those requests for the projects described by Secretary West?

**Mr. DALTON.** Yes, sir, Mr. McHugh. I might point out that these roll-on/roll-off ships that Secretary West referred to were one of those bureaucratic problems that I addressed when I came into office. The dollars had been appropriated and funded but it was caught in the bureaucracy.

We worked with the Department of the Army to find out what their desires were with respect to new construction conversion. And might point out that one of my privileges is to name ships. I also went to the Army Department and asked them for Congressional Medal of Army winners of Army personnel to name these ships after. I think the spirit of cooperation that we have among the Army, Navy, and the Air Force is one that we feel very good about.

**Mr. MCHUGH.** Secretary Widnall, can we make it 100 percent?

**Ms. WIDNALL.** Absolutely. Let me say something about the C-17. It is an exciting program. And I think it is fair to say with the help of this committee in approving the omnibus settlement that we are working with the contractor in new and innovative ways that have really made a success story out of that program.

We have recently completed, with the avid participation of the Army, the final certification of our ability to drop parachute units out of both doors. I think in the course of that both the Army and the Air Force learned more about parachute jumping, especially close to airframes, than either of us had known before. We appreciate your support.

**Mr. MCHUGH.** Thank you.

**The CHAIRMAN.** The gentleman from Alabama, Mr. Browder.

**Mr. BROWDER.** Thank you, Mr. Chairman. I don't have any questions but I do have some remarks, Mr. Chairman, and I am going to try to rush through them because I would like to get all of them down on the record.

You know, Mr. West, you mentioned that the two critical criteria in your decisions were taxpayer value and the maintenance of the

national defense of the United States. We can disagree. I respect you and the job that you do. We can disagree on that.

I think any member of this committee has a responsibility not only to question but to challenge any decision from the Defense Department or the Federal Government affecting these two, especially affecting their constituencies. I think they have the right and a responsibility.

I would like to raise a question that I have. I knew 5 years ago, 4 years ago, when they tried to close a military base, when the Army tried to close a military base in my district, that I was going to challenge it. We challenged it. It would have closed the only live agent training facility in the United States, a vital part of our chemical weapons defense in the bilateral destruction agreement.

We challenged it. The Base Closure Commission told the Army, you have made a mistake; closing this base would ignore military value. The Congress—the President agreed, the Congress agreed in 1991. It came back in 1993. Same process again. The Base Closure Commission said you made a mistake. The President agreed and the Congress agreed.

It is back up in 1995. I am not going to go through the merits of this base other than to cite this is not just a Congressman trying to save his base. This is a vital part of our national defense.

The Defense News, 2 weeks ago, the head of the Stimson Center, one of the most respected arms control organizations in the world, wrote an opinion piece which closed by talking about the chemical weapons convention by saying that a new roadblock to ratification of the chemical weapons convention had been presented by the recommended closure of Fort McClellan, AL, the only live agent training facility for U.S. military personnel. Closing Fort McClellan could disrupt chemical preparedness for more than a decade placing U.S. forces at unacceptable risk.

I have known over the entire time that opposing the Army on this would cause tensions. But I think last year I have a national security rating of 100 percent for the last Congress and it has been strong ever since. I have heard insinuations. There are suggestions that perhaps my criticisms should be considered because there are other bases in Alabama and decisions going on.

Last year when I attacked the handling of the chemical weapons disposal program, because the GAO for 3 straight years has come out with a report. This one says "Chemical Weapons: Army's Emergency Preparedness Program Has Financial Management Weaknesses." After 6 years of running this program, the cost to the American taxpayer of this emergency preparedness program for these stockpiles located around the country, one of which is in my community with 100,000 of my civilians at risk, the GAO said the cost of the program in 6 years has increased sixfold. It is now six times what it was estimated. Not a single one of the eight communities, including mine, is prepared to handle an emergency. And the GAO said the Army cannot account for how the money has been spent.

I knew tensions would be raised when I did that. But I did not know that tensions would be raised to the level that they have been raised when I stepped on a raw nerve and criticized the proposal to build an Army museum out here on the Potomac because

it is in the monument corridor. The Army wanted to spend \$17 million to buy some land. It was valued by the tax people at \$10 million. I criticized that.

I was disappointed at the Army caucus. I was there when you spoke. I heard the first part of your speech; I had to go to another meeting. I was disappointed to get the report, though, that I have confirmed with other people that you said, critics of this museum were not acting as part of the Army family and that opposing the museum would be doing a disservice to the soldiers.

Mr. Secretary, I consider myself part of the Army family. I consider myself part of the American family. I will not be intimidated in looking out for the taxpayer and the American soldier.

And I don't have the graphics experts that you have at the Army, but Mr. Kasich and I on this committee, and I don't have to look at it on this committee but we are members of the Budget Committee and we are interested in looking out for our national defense and our national taxpayer. And I want this graphic to be clearly understood by the people in the Army and the American taxpayer. I am sorry we don't have the televisions here. I will have to bring this back, because I want some help in helping us and helping you look out for our national defense and the American taxpayer.

And Mr. Chairman, I appreciate the extension—for those of you who haven't seen it.

The CHAIRMAN. I thank the gentleman. I can read that.

Mr. BROWDER. We are going to do all we can to try to look after the national defense and the national taxpayer. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentleman from Missouri, Mr. Talent.

Mr. WEST. Mr. Chairman, could I have a word of response? I promise not to be long. I have two points to make.

The first is that I am disappointed to hear that members apparently of the Army family have given either you or your constituents the impression that there is so much concern over your rightful voicing of criticism of our decision, rightful in that you are entitled to do it, that we would seek some sort of retribution or would even suggest that you have done something other than what is right and proper in your duty.

Because for those who have given that signal they do not speak for this Secretary or this Army. We have far too much respect for you personally, the professionalism you have shown—you as a Member of this Congress and of this legislative branch and the people of your State—to ever judge any further decision on other facilities based on disagreements that you may express with us.

Second, on the question of the Army museum, I suspect I will have another chance to defend that position. I will not try to do it at this time. But I will say that I stand by my support of that. I think the right and proper thing to do for those countless millions of Americans who have served in Army green since a year before this country was founded—I have got a pretty good memory. I realize I often speak from memory—I think you have the essence of what I said except for one sentence. I don't think I said that critics spoke not as part of the Army family. I think it is accurate that I said they don't do the best service for Army soldiers, but that is a point of view. I think the best service for Army soldiers would

be to support this. The critics within the Army family may be our most important members for they help us to see where we are likely to go wrong or where we may be perceived as going wrong.

Mr. BROWDER. Mr. Chairman, I know that we have extended beyond time. I want to thank the gentleman. I did not ask for a response, but I think his response has been to the level that I expect from him because of the respect that I have for him. Thank you very much.

Mr. SKELTON. Mr. Chairman, may I get that phone number again please?

The CHAIRMAN. I am sure he will write it down for you.

Mr. Talent.

Mr. TALENT. I thank the chairman. I will say to Secretary West that I appreciate his comments regarding the problems with Army modernization. When Army modernization funds were reduced by about 25 percent in early 1993, I spoke on the floor of the Congress about my concerns.

And I just appreciate your candor. I think we have been sacrificing modernization for short-term readiness. I understand the fiscal constraints that you have been under. And I think it is vital that we do something about it. You have mentioned it several times and I do appreciate your candor in that.

My question was for Secretary Dalton and at the beginning of the hearing the chairman gave you an opportunity to say what you would do if you got some additional money in your budget. You didn't elaborate much on what you would do with the money and I thought I would make a suggestion to you for your consideration.

Mr. DALTON. Sir, I appreciate that very much.

Mr. TALENT. My understanding of your requirement for strike aircraft on aircraft carriers is now 50 aircraft down from 60. And I have talked to some of your people who believe you can do it with the 50 and fly the necessary sorties if you have fully capable aircraft.

And last year we authorized procurement of 24 F-18-C's. This year you have asked for 12. My understanding of the situation is that is just not adequate. And let me ask you, isn't it true that if we cannot procure more F-18-C's for you, that you will have aircraft carriers going to sea with less than fully capable aircraft in its strike aircraft complement?

Mr. DALTON. Mr. Talent, we believe that what we have requested and our overall strike aircraft program over the FYDP is adequate for us to have the number of aircraft that we need on those aircraft carriers.

Mr. TALENT. For the numbers. But I ask won't they be less than fully capable? They will not have the night attack capabilities or the survivability factors. As an inventory factor, they are capable but—

Mr. DALTON. Mr. Talent, we feel good about the program that we have and ask your support of it. We have a plan to move from the F-18-C and D into the E and F, which is going to enhance the capability of that airframe and give it greater capability for the future. And that program is moving along well. It is on time and it is on budget. And it is one of our programs that we are very proud of and think that it, indeed, will enhance our overall strike aircraft

capability. But the aircraft that we are sending to sea on submarines—on aircraft carriers today, are capable of getting the job done.

Mr. TALENT. I guess it is a question of relative capability. And one of the reasons I bring it up is that when I came to the Congress I believe we were talking in terms of 48—procuring 48 of these a year and then we went down to 36 and then 24 and now 12. I don't think when the Navy requested more before, that it was requesting more than it needed. And I know that we are talking about relative capabilities. It just seems that we want, particularly since we have lowered the requirements for strike aircraft, we want these planes to be fully adequate. And I do hope you will consider, if indeed we end up with more money in these end numbers, that you would consider this as more than just a luxury, but as something that would really improve capabilities. And I appreciate what you are doing.

I have some of the same concerns that Mrs. Fowler shared with you. But I have to say how much I appreciate the leadership that all three of you have shown in difficult times. It is difficult for all of us. I think in many ways you all have worked miracles with the money that you have had available. And I just encourage you to keep a stiff upper lip and keep trying.

Mr. DALTON. Thank you very much, Mr. Talent.

The CHAIRMAN. I thank the gentleman.

The gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman. If you don't mind, due to the lack of time I would ask a series of questions and if you all would please respond.

First for all three of you, I have been frantically answering letters during this meeting from military retirees who are in favor of Medicare subvention and I was wondering what each of you feel about that.

Secretary Dalton, if you would, along with Congressman Batenman and Mr. Sisisky, I visited Guantanamo last week and have been aware of the million-dollar-a-day expense to the Navy and the talk of privatization of some of those support and supply type of services.

My question is have you considered the use of either Naval Reservists or anyone else's Reservists for that job in particular since the summer months are coming up and there are a number of S&S units out there between the different Guard and Reserve units?

I am curious what you think the proposed acquisition of the Bath Iron Works by General Dynamics, whether you think that is a good thing for the Navy or not. And lastly, Secretary Widnall, I was curious what is your opinion of the need to upgrade the C-130's for the Air Force Reserve Hurricane Unit. I understand there are some very old airframes and I realize that money is tight, but human lives cannot be replaced and the planes can.

With that, Mr. Chairman, I will yield back my time.

Mr. DALTON. Mr. Taylor, I plan to go to Gitmo today. I am going down to assess that situation. Obviously, the news in the last 24 hours will affect that in terms of what our long-term plans will be. But I will be in a better position to respond to your question later in the week than I am today.

With respect to Bath Iron Works and their being potentially acquired by someone else, it is just a news item at this point, and probably inappropriate for me to comment on except to say that Bath has done a fine job in building destroyers for the Navy in the past and I am sure that whether they remain in the current ownership or are acquired by General Dynamics they will continue to perform well for the Navy Department. Beyond that I don't think I should comment.

Ms. WIDNALL. Let me just say that I do support Medicare subvention. There has been a lot of discussion about that and our need to continue to provide care to our retirees, but certainly that would be extremely helpful to the Department of Defense in offsetting some of the costs of treating retirees.

As for the C-130 fleet, it is fundamentally healthy. It is an extremely versatile airplane. We have C-130J, which is the new model with the upgraded avionics. We have that in our budget and that will be in our budget for some considerable time as we transition and retire some of the older C-130E's out of the fleet. I think it is a healthy fleet and we are moving forward with upgrades.

Mr. TAYLOR. If you would, I will open this up to the panel. Has anyone done a study on what effect Medicare subvention would have with regard to plusing up your budgets for medical care throughout the services? It has got to be a big improvement.

Ms. WIDNALL. I am sure someone has done it. I am not sure that we are the right ones to ask about it.

Mr. WEST. I am sure there is some learning in the Department about it.

Mr. TAYLOR. I would certainly request of you as the representatives of each of the services to be very vocal in your support of that. I think if we are going, as a nation since 1980, to provide medical care for people who are over 65 just because they are over 65, then we sure as heck ought to make that program and the funds that are allocated to that program to the people that deserve it the most and that is the veterans that served their country for 20 years or more. And I would hope that each of you would be very vocal about that to the necessary people at the Cabinet.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Everett.

Mr. EVERETT. Thank you, Mr. Chairman. Since we have limited time I will ask you to respond for the record on a problem and that is the matter of consolidating primary helicopter training. I was disappointed in your comments that you made before the Base Closure Commission this year. There is no question that the Army provides the best rotary wing pilot training in the world. It is capable of training Navy pilots as well as it trains many of the Army and Air Force aviators.

For the record, I would like you to provide me with a detailed response for why the Navy would not support a joint cross-service working group's recommendation to consolidate primary helicopter training with the Army. The real savings here and with our current fiscal problems I don't see how we can continue to ignore these types of efficiencies. We can no longer afford turf battles.

This committee has heard recommendations from a former chairman and a former Secretary of Defense and the last Chairman of

the Joint Chiefs that this training ought to be done at Fort Rucker, AL. Every study, other than the one done by the Navy or supervised by the Navy, has indicated that this ought to be done. And it goes a long, long way back. So if you would respond for the record I would appreciate it.

Secretary West, also concerning physical matters, I have exchanged letters and phone calls with you and many others in the DOD and in the Army on consolidating the Aviation Technical Test Center. We have differing views on whether the Army should consolidate this operation.

I understand that the Army is moving closer to a decision, especially since yesterday. I have long believed that many decision makers in the Army have had a predetermined outcome in mind, and that outcome has been Yuma. It has had to be predetermined because there are too many tangible and intangible benefits for keeping the operation where, frankly, the Army aviation helicopter rubber hits the road and that is at Fort Rucker, AL.

Let me list a few. Enhanced synergy of Army aviation; the vast pool of pilots and aircrafts in the training center allows ATTC to meet any testing demand without additional cost; large maintenance and logistics and supply facilities at Fort Rucker enables ATTC to keep aircraft flying inexpensively. This would need to be refabricated at Yuma. The parts inventory could cost millions of dollars, \$10 million; need for hangar and maintenance facilities, the work grounds. To leave these aircraft in the open exposed to the harsh desert climate like in Iran seems shortsighted and ill-advised.

Fort Rucker's work force, and I met with 200 of them Saturday at 4 o'clock, including the engineering and maintenance technicians, are skilled, dedicated, and they voiced their unwillingness to relocate to Yuma. I would point out that of 97 tests conducted by ATTC, only 2 required the Yuma range in 1993. In conjunction with Eglin, Fort Rucker can perform the vast majority of ATTC's testing requirements.

In addition to that, with the TCOM's moving from St. Louis to Huntsville, that would mean that these folks could fly down there in an hour and do a test fly rather than delay the—they would have to from Yuma. The bottom line is that the Army testing dollar would bring a greater result in Fort Rucker.

First, I would like to have your thoughts on where we are in this proposal. Second, do you intend to comply with the House report language included in the 1995 advance authorization bill to provide the defense communities with a report on the plan to consolidate the test centers? And third, has any analysis been conducted by an independent source to validate TCOM's data that supports the consolidation at Yuma and would you oppose one?

Mr. WEST. Let's see, Congressman, first of all, where are we? I believe that the recommendation now is in the Department of the Army. And that the normal decision would be in the Army staff DSOP's. That decision, however, will be made by me. You said that maybe you think there is a kind of pre-judgment on the part of the Army. I will wait until I see what the recommendation for me to review is. But, yes, I think there is a great deal of sense from those who have reviewed it that the Army is inclined to do it at Yuma

but I will review that decision and we will see it when it comes to us.

Second, in terms of what we do before we get there, will we comply with the report language, we will comply with law. I don't know whether we have prepared the particular report that you have referred to and I will find out.

And then third, some independent analysis, I don't know the answer to that. I will get it when they report to me on how they arrived at their recommendations and we will look at it. But the decision has not been made. The bottom line is you raise it at just the right time or I appear before you at the right time to hear your concerns because we are close.

Mr. EVERETT. Were you aware that the Chief of Army Aviation recommended against this move recently?

Mr. WEST. No, sir; I am not aware of that.

Mr. EVERETT. I would like to personally make you aware of that because I was sure that you were not aware of it. I think that is an indication of what information has been getting up to you on the situation. I think it has been predetermined, frankly.

Mr. WEST. It hasn't come to me yet, but I hope that all of that will be included.

Mr. EVERETT. Thank you.

The CHAIRMAN. Mr. Edwards from Texas.

Mr. EDWARDS. Thank you, Mr. Chairman. I want to thank all three of you for your outstanding leadership. It is never easy to be in a leadership position in a time of change and all of you have been in that position and I want to thank you for your excellent work.

Mr. McHugh addressed my question in regard to strategic mobility, so I will not go back into that. I will note, though, that it is critical if we are going to downsize the Army and make it more continental based, we have to be able to move our troops and equipment quickly into battle. And I certainly hope the Air Force and the Navy will continue to work with you to see that that type of mobility is where it needs to be.

Let me ask two questions, one to Secretary West and one to all three of you. And if you answered this, Mr. Secretary, while I was gone, let me know. But the Navy—I have always commented with a smile on my face, when the Navy wants to talk to you about their programs they take you out on an aircraft carrier. The Air Force can fly you in an F-17. And the Army will take you into the desert and talk to you about tank chassis and trucks.

How bad is our truck situation with the Army? If you could expound on earlier comments about that.

To all three of you, I hear everyone that comes before this committee representing the various service branches saying that quality of life is an essential factor in maintaining a ready force. I have to believe every one of you would agree that people in the military care deeply about their children's education, that that should be a top priority. That is a very important factor in a family determining whether to stay in the military or not, particularly when families are having to spend so much time away from their children.

But I am frustrated. I think we are about to see a train wreck in the Budget Committee with impact aid. And because some bu-

reaucrat in the bowels of OMB or the Department of Education decided to zero out impact aid for off-post situations, the hands have been tied for all those in the Pentagon that I hope believe that funding impact aid is important to military readiness, morale, retention, and our ability to fight.

If you do think it is important—if you do think our military families care about the quality of their children's education, can you help in the fight in some way to support the impact aid program? Maybe there are some who think that all of these military bases are in silk stocking districts but I am here to tell you after looking at situations all over the country, many of these bases are located in places without an industrial base for property tax support for their schools. They are in middle to lower income neighborhoods and areas, and if people at the Pentagon allow impact aid to be zeroed out for off-post situations, I think it is going to have a devastating impact on morale of our military families. And I think it would be unconscionable for that to happen without those of you in leadership positions speaking out in defense of that program.

I know it is uncomfortable because somewhere in the administration budget the proposal was recommended to zero it out. But I would like to know if you care about the program. If it doesn't matter, impact aid and the quality of kids' education to military is not important, then testify to that fact. But if it is important, I urge for your help and would like to know your position on the impact of cutting out and zeroing out impact aid, which could happen in the next 14 days.

Mr. WEST. Mr. Edwards, on your first question, on the neat things that the Air Force and the Navy are able to show, I accept the point that you made that when we are able to take them out and stand in the desert to look at tank chassis that makes us obviously the most attractive to visit with.

On the point in response to the chairman's opening question on tanks and ammo, if we had an additional billion dollars—we don't ask for it, but if we had it, probably the first half billion would be devoted to modernization, of which the first amount of that half billion spent would be on trucks and ammo.

We have youngsters—it is like an experience the Air Force once had—we have youngsters driving trucks that are older than they are. And those are needs that need to be met. But we are also looking at an effort to do it with balance. We can do what we have to, what we want to with the budget that we submit. The point is if there is to be additional monies, the first bit of it will go to addressing those issues.

Let me say a word about impact aid, if I might, and then I will pass along to my colleagues. Certainly we are talking about our children who are affected, our soldiers and airmen and airwomen and naval and marine family children. They are the ones who study in the schools in the districts that will benefit from impact aid. They are the ones who are damaged, who are disadvantaged if those schools do not have sufficient funds to provide the programs and the resources to give them a good, sound education.

And so, though we don't have the budget, and the budget responsibility and authority, we have the concern, we have the need, we have the desperate sense that we may fail our children if we can-

not see to the continued availability of impact aid and help those counties, those school systems that are reeling.

Happily, I have been able to be in conversation recently with Secretary Riley and the Department of Education. He, too, has heard from, I think, us in the Department of Defense and shares our concerns. It is not clear what we will be able to work out. But I sense that he understands and is willing to try to work with us. I am unable to say for him what that means, but I know that he has been very forthcoming with us on the issue.

Mr. DALTON. Mr. Edwards, I agree with Secretary West and identify myself with those remarks on behalf of the Navy department. I would also like to take this opportunity to invite you out to a carrier or any of our other ships. It is a great opportunity to see our sailors and marines and you are welcome any time we can schedule it for you.

Ms. WIDNALL. Without giving an invitation to fly an F-16, which you are always willing to do, I would like to say that we do support impact aid and what we are concerned about is making sure that people who are making these decisions really do understand the impact on the military services. And we will make sure that the Department of Defense puts some sort of coherent statement forward on that issue.

Mr. EDWARDS. Thank you, Mr. Chairman. Thank you, Secretaries. I would tell you that the Budget Committee members are the ones that need to be contacted and they are about to make a decision on this within the next 14 days, so I would urge you to do something expeditiously.

The CHAIRMAN. Mr. Longley.

Mr. LONGLEY. Thank you, Mr. Chairman.

Secretary Dalton, I would like to follow up on the suggestion that was made by Mr. Sisisky a few minutes ago relative to the fact that the Navy is assuming the costs for all the costs in Guantanamo for the refugees. And given that fact and given the failure of the budget to, frankly, reflect the necessary funding for contingency levels, isn't it a fact that many very important Navy programs have suffered considerably as a result of the lack of available funds or funds that have been diverted to other purposes? Isn't this a problem for the Navy?

Mr. DALTON. Mr. Longley, in the last fiscal year, clearly a very busy year with respect to being involved in Somalia, Bosnia, and Haiti and being ready for a potential problem situation in Korea, we did exceed our budget and we did need a supplemental request. And that, indeed, we are grateful to Congress for its recent support of funding that supplemental.

But I think that the budget that we have before you for your consideration and for which we are asking your support, we believe is adequate for the current fiscal year.

Mr. LONGLEY. Isn't it a fact that the Navy has had to postpone significant work on vessels and hasn't been able to do maintenance that it would have liked to have done and may have experienced work force reductions attributable to the lack of funding, and isn't it likely that we could face the same problem in the current fiscal year or future fiscal years?

Mr. DALTON. We were not able to do some of the training that we wanted to do at the end of the fiscal year due to the issues that I addressed earlier. We do feel like that we have an adequate budget before you for fiscal year 1996 and we ask your support of it. We don't anticipate that we will have a need for an additional supplemental with respect to our activity in the fiscal year.

Mr. LONGLEY. Well, I would like to follow that line and maybe in a different direction. With a shipbuilding request of three or four ships a year, given a 346-ship Navy and given testimony of admirals before this committee that you need a minimum of 10 ships a year to keep pace with a 346-ship Navy, and furthermore, and we have heard this with respect to particularly the need for *Seawolf*, the precipitous decline in Navy industrial base capability if *Seawolf* isn't approved, and that has been testified to by any number of individuals, but yet when we look at the six major shipyards in the country that are also attempting to diversify to protect that capacity, to get into the commercial shipbuilding market, each facing competition from overseas that is heavily subsidized, what indications do we have or do you have as Secretary of the Navy that in fact we are going to be able to preserve our shipbuilding industrial base on a broad scale or what kind of situation are we going to be in if it, in fact, is not able to continue?

Mr. DALTON. Mr. Longley, first of all, we had a major buildup in the 1980's with respect to shipbuilding. We were moving toward a 600-ship Navy during the 1980's and so we have a relatively young fleet. A number of our ships are young today, which has given us the opportunity to make some of the tough calls that we have made with respect to decommissioning ships, decommissioning classes of ships and put us in a position to downsize our end strength. We have come from an end strength of almost 600,000 sailors down to, by the end of this fiscal year we will be down to 395,000. We were at ships of close to 600. We are coming down to 346, as you point out.

And we have also made tough decisions with respect to BRAC and acquisition reform, that we think the combination of those three things will afford us the opportunity that by the turn of the century, if we stay on course, and you continue to support our requests for BRAC funding and the budgets that we have before you and will be presenting to you, to build the ships that we need over the course of this FYDP, and with the savings that we will realize from the end strength reduction, which are significant, 600,000 to less than 400,000 in end strength saves a lot of money.

We need to use those dollars, similar with BRAC; we have made the tough decisions on BRAC and acquisition reform. Those three things together will save the Navy department \$30 million a day; 22.5 million from the end strength reduction and 6.5 million from BRAC decisions and a million dollars from acquisition reform if we only achieve a 1-percent success from the standpoint of acquisition reform.

Those decisions and those actions that we have taken will afford us the opportunity, if we stay hitched and stay on course, to give us the ability to do a ramp up from the standpoint of additional shipbuilding after the FYDP. And we will be coming in with a request averaging some 10 ships a year in the outyears and we think

that we have made a decision to give us the ability to afford that shipbuilding.

Mr. LONGLEY. Mr. Chairman, I ask unanimous consent to make one more comment. My concern relates to the critical skills and the capacity. And given the fact that we may in the outyears be at a point where we do need to build 10 ships a year, my concern is that we have the yards and the skills to do it. And my concern is that the way we have constructed the program that that will be able to occur.

The CHAIRMAN. Mr. Tejeda.

Mr. TEJEDA. Thank you. I would like to thank the Secretaries for their leadership and for their service.

Secretary Widnall, in your testimony you mentioned maintaining combat readiness in shaping tomorrow's Air Force. How do these objectives relate to the Air Force's medical community and in particular the Air Force's current hospital infrastructure?

As you know, Wilford Hall Medical Center in Lackland Air Force Base has come under questioning because San Antonio has another military hospital nearby, the Brooks Army Medical Center. What would happen if the Air Force were to lose these valuable medical personnel and would the military really expect the private sector to pick up the slack in case of a major military conflict?

And before you answer that, if I may speak on hospitals to Secretary West, I would like to see the Army begin thinking about alternative uses for the BAMC building at Fort Sam Houston and that should become available soon. After the base closure dust has settled, I hope the Army realizes that they have a valuable asset in the two buildings currently occupied by the BAMC. These facilities have hundreds of thousands of square feet, could serve as an ideal office space for a number of functions. And I would hope that the Army can take advantage of this, and certainly if not the Army then maybe the Air Force or the Navy.

But Secretary Widnall, your thoughts on the military hospitals, particularly Lackland and the questions that have been raised.

Ms. WIDNALL. Well, clearly, military medicine is extremely important to the Air Force. Probably the No. 1 quality of life issue for our people, is the availability of medical care for themselves and their families.

Wilford Hall is real unique among all the Air Force medical facilities. We consider it our flagship facility. It is our most substantial research and patient center. It is the center of our responsibility for that tricare region. For that particular region we are the executive agent. So for us it is an extremely important facility.

Mr. WEST. One comment. Certainly, Congressman, you are absolutely right. I have been there and seen the facility that you are seeking about that is about to become our former facility. In fact, we faced this before there. The facility before that we had—I think we tried to make sure we made use of and are making use of. I am sure that plans are under way and there is some thinking, but thank you for your comments and we will take that into account.

The CHAIRMAN. Mr. Bartlett.

Mr. BARTLETT. Thank you very much. And thank you for your testimony and your patience today.

In previous hearings we have had operational uniformed witnesses who responded when they were asked about readiness. Were we in fact ready? They answered yes, we were ready. But then when they had offered additional comment, several of them used a very interesting terminology; that we were "on the edge."

And when they commented further, they indicated that the hollow force that we had after Vietnam was due to deficiencies in O&M and training and morale. And these were problems that could be relatively quickly fixed. They were concerned that we were moving possibly toward a hollow force of a very different kind, a force hollow because of barriers to adequate modernization.

And as you know in the next few years we are programming very small amounts of money for modernization. And I would just like your comments on whether or not you concur with your operational people that we are, in fact, on the edge and that we cannot continue further or we may be over the edge.

And I have just one specific question for Secretary Widnall relative to the HEM-130 program. The 1993 Science Defense Board recommended 900 to 1,100 and we will have only about 500 of these. Why the shortfall and does this in fact relate to the concern of your operational people that our readiness, although adequate today, is in fact on the edge and we need to do something for the future?

Ms. WIDNALL. I will have to supply that particular answer for the record, but let me just say that obviously that falls in the general category of precision-guided munitions and we believe that these are very important force multipliers. That capability we simply cannot do without. We are trying to procure such munitions across a wide spectrum of capabilities.

Modernization is extremely important to us. And we have identified shortfalls in the area of modernization. I spoke about the need to restart a TSSAM-like program. We are starting to call it the JSAM, I guess. But that kind of standoff capability is absolutely essential and we clearly need to move to restart, given the capabilities of industry, with a program that can bring such a weapons system on line.

That will be a joint program. We have identified a shortfall in F-15's and F-16's. Not for this year, although the F-15 is coming on rapidly, but certainly in the out years a shortfall.

Our big programs, the B-2, the C-17, the F-22, are extremely important to us. We believe that the current program reflects our priorities but we really ask your support in keeping stability within those programs so that we can deliver best value for the American taxpayer and an adequate number of weapons systems in all of those categories. It is an extremely important issue to us.

Mr. DALTON. Mr. Bartlett, I agree with Secretary Widnall from the standpoint that we are working together on a number of things. The precision-guided munitions and our joint advanced strike technology aircraft, which I think is important for our future and a part of our modernization effort, that is going well.

Our major modernization in this year's budget is the third *Seawolf* submarine and a new attack submarine program. But we are also asking for funding for DDG's, FA-18C's and D's and over the FYDP for E's and F's, the ballistic missile defense, the AAAB.

These are important modernization programs that we think are important to be funded and whereas surely it would be nice to do some of it more rapidly than we are, I think putting the priority on our people as we have was the right thing to do. And I think whereas it did cost us some in modernization, I think it was important to recognize that our people are our No. 1 asset and we need to take care of our people from the standpoint of pay raises and quality of life issues, but we need to keep our eye on the ball, on the modernization program, and we think that we have a balanced program.

Mr. WEST. Mr. Bartlett, when then-Army Chief of Staff, Edward C. "Shy" Meyer coined the term "hollow Army" back there in the 1970's, late 1970's, early 1980's, he referred to a situation in which we had units in which the force structure was there, but the personnel and the equipment were not. Thus, leading to a skeleton with no meat on the bones or, if you will, a box that was hollow inside, not a solid cube.

And that is what he meant by hollow Army. And yes, there were O&M problems and, yes, there were morale problems, but essentially he was talking about an Army that was more appearance than substance.

When the term is used today it doesn't mean that anymore. It simply is a catchall for the question of readiness. And, yes, certainly my Chief of Staff, Gordon Sullivan, a consummate professional in whose judgment I have complete confidence when he talks about readiness, he has indeed, along with the other chiefs, spoken about us being near or on the edge.

In many ways an armed force or an army is always on the edge of readiness. Readiness is a day to day, week to week, month to month concern.

If we divert funds for training that cause units to miss rotation, those commanders may conclude that they are not going to be sufficiently trained to meet their requirements. If we in the Army change out the weapons system in our division in order to replace it with an upgraded system, that commander may take that division to a lower state of readiness for that period of time. If we are refitting or reorganizing a division, it too may fall off of readiness.

So we are always, in a sense, and we should be, in a constant state of watchfulness or readiness. If near term readiness is not a pressing concern today, it is because you have helped us with the supplemental to make up for the shortfall and because we have funded what is necessary in the budget. But if we have failed to do that or if that balance were to change, near term readiness could become a concern.

Future readiness in terms of our modernization, we have already indicated is a concern of ours. Are we meeting our seed corn in trying to fund readiness today and only concentrating on it and not putting enough into modernization somehow starving what we will do in the future? Are we seeing that problem and preparing for it?

It is the latter two things to which I can speak with confidence. We are seeing it. And we are planning for it. We are planning for how we will find the funding for modernization in the coming years. We are planning for how we keep programs that are impor-

tant to us today on line so that we can, when the time comes and we are able to make those decisions, such as Comanche.

Comanche is an important part of Army preparedness, how we will carry out the armed reconnaissance mission of the Army. It is adequately funded today so that we can, in addition in future years, make procurement decisions on the other things that are necessary to do it.

So, yes, I think we agree with what our chiefs have said because we have worked through this problem with them. And yes, it is a concern. But it is not an item over which we panic. We understand the problem and we believe we are preparing for the solution in a prudent fashion.

Mr. BARTLETT. Thank you very much. I was just concerned that our concerns for the urgent, which is balancing the budget this year, doesn't take precedence over the important and that is making sure that we have adequate preparedness in the outyears. Thank you for your responses.

The CHAIRMAN. Ms. Harman.

Ms. HARMAN. Thank you, Mr. Chairman. I would like to commend you and all the witnesses for your fortitude. This has been a long morning.

I would also like to commend every service Secretary here for leadership, professionalism, vision, and to say that I, for one, appreciate very much your diversity in what your different experiences add to your ability to steer us through some very tricky times.

Let me speak strongly for two things that were said in your testimony. I don't think they have been mentioned again. But one, Secretary Widnall, you made a plea for program stability and you talked about what these nicks do in terms of budget costs and human costs in the outyears. I would like to endorse your plea for program stability. And this applies to every service program. And hope that we could do that as a committee this year.

Second, Secretary West, you said something else that I think is extremely important. You said, as I recall, that if add-ons come at the expense of items in our carefully crafted budget, we lose. And I would like to endorse that too and say that if this committee should add money to the budget, and I may support some of those additions, let's not mess up the carefully crafted programs. Let's enhance them.

With that as background, let me talk about some adds that seem of interest to me. I represent a district in an area of the country where much of the software and hardware that, one, the cold war, was developed and produced. And the cutbacks have hit hard. They have hit hard everywhere but certainly in southern California.

I am interested in a lot of new hardware and software. And I know that while you put people first in your budgets, you also care that we have adequate hardware and software.

I have in the last several years flown in the cockpit of a C-17, and I recently, during the break, sat in the cockpit of a B-2 and you cannot help but be impressed with our technological prowess when you do something like this.

My question is—a general question is focusing on hardware and software for a moment, if we had additional funds, would you feel—

and I heard each of you give some lists, but would you feel as a general matter that we ought to put more into our procurement and R&D budgets so that we can take advantage of what technical prowess brings to war fighting?

Ms. WIDNALL. Let me respond to that. The priority list that I mentioned, I think the top items really were additions to procurement: F-22, F-15's, mobility. And I agree with you there are some very exciting things that are happening in technology. Technology is a real force multiplier. It simply allows us to do things that we simply could not do any other way. It is an extremely important item to keep pressing on.

Mr. DALTON. I certainly agree with you in terms of the point that you made with respect to stability, and I want to point out that the work of the Department with respect to the bottom-up review was an extensive exhaustive study that was not just the civilian leadership of the Department but included the uniformed military leadership of all the services to a greater extent than they were participating in the base force that was of the prior administration.

So I think you clearly have the best thoughts of the leadership of our military with respect to the programs that we have outlined. It is important that we stay on course. These are carefully crafted programs, as you say. And as I mentioned earlier, the fact that we have taken some dollars out of modernization in the Navy Department, it was for our people, and if we did have additional dollars it would be for such things, a DDG, LPD-17, more aircraft, F-18's, C's and D's, and base support for the Marine Corps. That is where the dollars would be used in the Navy Department.

Mr. WEST. My answer is "yes." As I said, of any new billion, our first half billion would be modernization, and although we speak in terms of the importance of ammo and trucks, I also pointed out, as you mentioned, that we hope to protect the priorities that we established in our budget. And those are important systems in there: Comanche, Abrams, Bradley, extended range MLRS, the Apache longbow hellfire missile system, all of those modernization efforts are important to us. We have tried to protect them in this budget. But, certainly, where there is more money, there are many, many uses for it and modernization is an important one.

Ms. HARMAN. Thank you.

The CHAIRMAN. The gentleman from Pensacola, FL, Mr. Scarborough.

Mr. SCARBOROUGH. Thank you, Mr. Chairman.

And I would like to start by thanking the Secretary of the Navy for his support of a Navy helicopter training. I know that you were asked a question earlier which I am sure had nothing to do with the proximity of this hearing to May 10. But for those of us who have studied the issue, we understand that training is unique. And I want to thank you for your support.

My question is to the Air Force Secretary. I am concerned that we are grinding down our special operations forces on missions that could really be better handled by other forces. It is a problem throughout the services and particularly I believe with the Air Force when it comes to combat search and rescue. And we are 4 years into the Bosnia conflict and we have special ops that are still tied to that mission.

Before Bosnia, it was supporting Provide Promise in Turkey and Kuwait. And as I look on the force list I see the Air Force is a lead service for seesaw. It is a primary mission area whereas for special ops it is supposed to be a purely collateral one. It is obvious to me that you do not have enough seesaw forces or we haven't been using them properly between active and ARC components to meet your requirements. What do we need to do to support the mission fully? More aircraft or crews? What do you need to free up these forces?

Ms. WIDNALL. Let me respond to the general tone of your question. First of all, I have had an opportunity to fly with the Air Force special ops and they are a dedicated, hard working, extremely impressive group. And we had an incredible time together.

Fundamentally, these units are tasked by the CINC's. And I am sure that the commander special ops finds, as does the Active and Guard and Reserve Air Force itself, that we receive a lot of heavy taskings from the CINC's. We have many weapons systems that are tasked over 180 days, such as AWACS. And in many situations we have had to go back and ask for some relief from the taskings because the taskings are very heavy.

I will take your question about the special ops tasking back to the Pentagon to respond for the record and also the question about what assets does the Air Force need to perform the search and rescue mission.

Mr. SCARBOROUGH. Thank you.

Finally, the second question I have is that I know a position has been that the Air Force can support the two MRC strategy with the seesaw forces you currently have. I do have some questions about that, but beyond that, beyond just simple opinion, I am wondering is there a plan on the table or a plan that is being proposed to get the SOP's out of the seesaw business except for an occasional crisis?

Ms. WIDNALL. Again, I think that is part of your first question and I will give a more comprehensive answer for the record.

Mr. SCARBOROUGH. Thank you, Mr. Chairman.

Mr. HUNTER [presiding]. The gentlelady from Connecticut is recognized.

Ms. DELAURO. Thank you very much, Mr. Chairman. And I want to say thank you to our witnesses today for providing us with some valuable insight as we begin in markup for 1996.

I believe that in general there has been an excellent job of looking at the priorities given the kinds of budgetary constraints that we face. However, like many of my colleagues who have already spoken, I have some questions and concerns about the whole modernization budget.

My understanding is that modernization spending has declined for 11 years in a row and it is in fact at the lowest point in inflation adjusted terms since 1950. And that the Army's modernization budget has been especially hard hit. I was concerned to read in this week's issue of Defense News a statement from DOD Controller John Hamre, and it is a quote: "The Army sadly has no modernization program to speak of."

I was also pleased to read in the same news story that the Pentagon, in fact, is planning a substantial boost in the modernization

budget in fiscal year 1997-98. And I am very delighted to read that.

But I also think that there is some concern that unless we take some corrective actions in the modernization budget for this year, that we may lose with regard to the Army some critical production lines entirely. And that restarting these production lines is going to be costly and diminish in fact the benefits for the future interests of the Army's modernization budget.

And Secretary West, I am especially concerned that after the procurement of 60 Blackhawks in the 1996 budget, that the Army, and in fact the entire Department of Defense, would be going out of the helicopter production business.

Given the current plans on Comanche, there isn't a commitment at the moment to move to production of the Comanche helicopter which is, as you said and I will just repeat, that it is critical not only to the Army, it is critical to all of the services and in the kinds of communications that it provides for us on the battlefield.

So I have two questions which I would like to address to you, Secretary West. One is that, first, is there a need for procurement of additional Blackhawks after fiscal year 1996, given that the Army is well short of its stated requirement for the aircraft and given the need to preserve the helicopter industrial base until we deal with procurement of the Comanche helicopter?

I will ask the second one and then you can go ahead.

What I wanted to know as well, and I appreciate your commentary on the Comanche, but in your view does the funding level reflect a sufficient commitment—a sufficient commitment at the moment to production, and is it enough to keep together the supplier base for the Comanche and would Comanche be a priority candidate for additional funding should the Army's modernization budget be increased?

Mr. WEST. I was checking to make sure precisely when that gap occurs, because you are absolutely right that we have to plan and manage it very carefully, indeed.

First and most important, the Army does not intend to go out of the business of producing and having helicopters. We didn't do that.

Ms. DELAUBRO. I am glad to hear that.

Mr. WEST. The specter was raised there in your first question. It is important to us. It is an important part of what we do on the battlefield. And the Comanche—and you were kind enough not to throw my words at me but let me reiterate them. The Comanche remains the Army's aviation modernization priority and at the top of its modernization list of priorities overall.

We believe that we have planned prudently in this budget, the one that we are before you on today, to protect the Comanche, to protect our ability to make the production decisions as we approach that in the outyears.

I think that we are comfortable with the way we have laid the plan. You are not the first one obviously to raise the concern of a potential gap there, but we believe we are able to manage to it. And for that reason, no, I don't think we need additional Blackhawk production beyond our planned time to terminate production.

Ms. DELAURO. That we can make this schedule without doing that? OK.

Mr. WEST. And we will make it happen. This is important to us in the Army. It is important to how we see ourselves and our ability to do our job on the battlefield now and in the future.

Ms. DELAURO. Thank you, Mr. Secretary.

Secretary Dalton, I will leave the questions on the *Seawolf* to my colleague from Rhode Island. Thank you, Mr. Chairman.

Mr. HUNTER. I thank you, Mr. Abercrombie.

Mr. ABERCROMBIE. Thank you, Mr. Chairman.

A followup on the impact aid question. When I first came up here, I believe it was Secretary Korb that I spoke to when I was Chair of the Education Committee out in Hawaii and the late 1970's and early 1980's. I want to say to you this ought to be in the Department of Defense budget.

For you all to say that you support this seems to me disingenuous at best. This is an add-on. That is the way it has always been. I have learned as a State legislator that the Department of Defense expects members of this committee and others to somehow get that money for those kids' education.

And so, if the Budget Committee does zero it out and if we are unable to save that, my answer back in Hawaii is going to be that the education of those children is not a priority of the Department of Defense.

You fund the education of those kids overseas 100 cents on the dollar, or whatever denomination that you utilize overseas. But here in this country you depend on the local communities to pick it up and it is in the Department of Education and it should be a line item in the Department of Defense budget just like everything else and everybody knows it. I just want to make that clear.

I do not believe that the Department of Defense supports impact aid. What you are depending on is for Secretary Riley and Members of Congress to bail you out just the way they have done every damn year that the budget requires it.

And I am going to say that because that is the truth. It is nothing against you personally. It is a policy that has been in the DOD for as long as I have had anything to do with it and probably years before that.

And Mr. Chairman, I just want to make it clear that this should be an item just like anything else in terms of quality of life. And if people are your No. 1 asset and this is a carefully crafted budget, as you said, and I believe that, one of the things that has been carefully crafted out of it is impact aid.

You may comment or not comment as you will but that is the fact of the matter. You need to go and say publicly that this is vital and necessary and a top priority in terms of quality of life, but I am not certainly going to go back to my district and then say to the personnel in the armed services that somehow we are failing their children in terms of funding their education. We are going to do the very best that we can, obviously.

But that means that those children will be competing with civilian children for whatever money that we have available. And unless and until that impact aid becomes part of the Department budget there is no way that that can be seen as being a priority.

Mr. WEST. May I comment?

Mr. ABERCROMBIE. Certainly.

Mr. WEST. I don't think there is any basis on which any one of us can challenge you on whether it should be in the DOD budget or the education budget. That is not a decision that we get to make here.

But to the extent that you then read into it some kind of comment on these three service Secretaries, whether you are inclined to accept it or not, Congressman, I say to all of our soldiers out there who may be listening, all of our uniformed personnel and our families, we do care and we are fighting for it.

Mr. ABERCROMBIE. Is there something in writing? Have you put that forward to the President?

Mr. WEST. Actually, there is something in writing.

Mr. ABERCROMBIE. I would like to see it. And I think you will have to do more than put it in writing then. You have to actively campaign for it. You will get help for it.

I first got started in this by coming up and asking for the help of the Department of Defense. And I can recall being accused of being antimilitary because I was trying to get money for their kids. How the hell that got deduced from trying to get money for children's education is beyond me. But I understand there is a competition for dollars. The question then is is the priority with respect to quality of life.

Let me move then quickly to another aspect: housing. That is another thing that ends up being an add-on. People call it pork barrel. I remember one Member of Congress on the floor talking about Navy housing in Hawaii as being a pork barrel project and I remonstrated with him after his commentary and I never heard that said on the floor again.

He said the Navy didn't ask for it. It is because you have run against the edge of your budget and Members of Congress add on as much as they can for quality of life and housing over and over again. I have done it for the Navy in Hawaii myself and I am happy to do it. Replacement housing is desperately needed now. We have a deficit of housing now but we need replacement housing right now. So even if we build a couple of hundred units as we are doing in the Mauna Loa area of Hawaii, we cannot add a single unit if we have to replace units.

Can we get support if we are able to get a priority initiative? If I can get a consortium of banks together, who will put the money up, private sector, put the money up? What we need is your help and assistance to get rid of this idiot scoring system that we have, and testify against it where you have to score it all in the first year and, therefore, it is disallowed.

I think we can get the private initiative. We can build every bit of housing that you need to have into the next century for all of your services in Hawaii and get the private sector to put up all of the money. What we need is the cooperation of the Department and the various services to say, yes, we will come into this and take responsibility for it and unless you are planning to zero out the forward basing in Hawaii, it is obvious that for the next 20 or 30 years, every single one of those units will be occupied.

My question to you is if we are able to get private initiative in terms of financing out in Hawaii for all of your housing needs, I would hope that you would be open to supporting that initiative obviously with all of the necessary qualifications with respect to what your obligations would be and not being in terms of seeing that the housing was occupied.

The CHAIRMAN. Do we need any more answer to the question or did you already answer it?

Mr. ABERCROMBIE. I saw heads nodding on the housing. At least there was benign approval.

Mr. WEST. We are in the process of looking at every conceivable good idea to provide housing for our uniformed personnel. That sounds like a good one. Certainly you can expect us to try to look at it and see if there isn't a way to do it. The key thing is not how it is done but that it is done.

Mr. ABERCROMBIE. I appreciate that. For the record, I can assure you, Mr. Chairman, that I am avidly and actively pursuing a private initiative to see if we can't get all the capital necessary to build the required housing. What we are going to need is your co-operation and the cooperation of the DOD. And if we can come up with something that is compatible with everybody's interest, I hope we can proceed on that basis.

The CHAIRMAN. We appreciate it and we are all going to work together on that one.

Mr. McHale.

Mr. MCHALE. Thank you, Mr. Chairman. Like the other members of the committee, I want to thank the panelists for their leadership. And after 3 hours of unbroken testimony, I particularly want to congratulate them on their endurance. We are getting to the end.

My first question goes to Secretary Dalton and it can be stated simply. Why do we need the service academies? And as you compose your thoughts, Mr. Secretary, let me indicate a bias. I believe very strongly in the service academy system. I think that one of my most important responsibilities as a Member of Congress has to do with the appointment of superbly qualified young men and women to the service academies on an annual basis.

Ten days ago I had the privilege once again of lecturing at the Naval Academy. I believe, Mr. Dalton, that you are the only service Secretary who is a graduate of one of our service academies. And at least partially in response to a recent nationwide broadcast that questioned the continuing importance of those academies, let me present that question to you. Why do we need our military service academies?

Mr. DALTON. Mr. McHale, as you point out, I am a graduate of the Naval Academy Class of 1964. I am very proud of that, and very honored to have the privilege of speaking at graduation this year and I am looking forward to that very much.

I think that the record is clear. We are in our 150th year of the Naval Academy. The Military Academy precedes us and the Air Force Academy came later. All three do an outstanding job for this country in developing leaders for not only the services but leaders in other parts of our community, leaders in government and in business and in education and so forth.

But the record I think is clear in terms of how well the graduates have done with respect to retention and with respect to leadership, with respect to proven capability and getting the job done.

In the near future, four of the six members of the Joint Chiefs of Staff will be graduates of the service academies, and I think that says a great deal right there in terms of the epitome of leadership in our services.

And so, I think they do a great job. I think it is a cost-effective means of educating our people, particularly when you consider how our Federal Government does subsidize schools around our country. And that is—oftentimes the service academies are accused of not being cost effective. I think it is indeed a cost-effective education and it is in the best interest of our Nation.

Mr. MCHALE. In terms of courage, integrity, and military competence, it is impossible to overvalue the extraordinary contribution made by the graduates of all of our military academies to the well-being of our country and I join with you in a warm endorsement of our continuing financial investment in the national security of the United States, specifically placing that investment and commitment behind the young men and women who are trained in our various military academies.

I would invite for the record a comment, perhaps, from the other service Secretaries as well. I don't mean to foreclose them, but in the interest of time I would invite that comment for the record.

Mr. DALTON. We appreciate that endorsement that you have just stated.

Mr. MCHALE. Secretary West, as you know, under the 2-MRC strategy in the event that our Nation had to fight a second MRC, we are by design relying on 15 enhanced readiness brigades within the National Guard. I hope to be a champion of those 15 enhanced brigades and I hope to be perhaps a burr under your saddle and others as well to guarantee that if the day comes that those brigades have to fight they are ready to do so.

It is one thing to place reliance on paper, something else to commit those forces to a battlefield. So I invite you to comment on the ongoing effort that is being made to guarantee that those units will be prepared to fight if and when the time comes.

Mr. WEST. Your point is well taken. The greatest guarantee that I would offer you even before we get into discussions of what training they are getting, or what plans are being made to equip them and the like, the greatest guarantee I can give you is the understanding and the realization of all of us in the Army, active Army especially, that we cannot go to war, indeed it is very difficult for us to go to peace; that is, those activities that we have to undertake that are short of outright war without turning to those brigades, to the Reserve components. So we place the training, the equipping, the preparation of those 15 enhanced brigades at the very highest level of priority. We are actively engaged in working on that. I will be pleased to provide you with additional specifics.

I would like to add my endorsement to Secretary Dalton's comments on the importance of military academies. I am an ROTC graduate and I have great confidence in the officers who provide some 80 percent of the officer corps of the Army from ROTC. But there is no question in our minds about the extraordinary contribu-

tion that the graduates of academies make to what we are doing. We think they are absolutely indispensable.

Mr. MCHALE. Mr. Chairman, my light is on, and I would encourage Secretary West to go beyond the limited answer he was able to give because of time constraints with regard to specific training of those 15 enhanced brigades. I intend to return to that issue asking very specific questions about how often those units rotate through the NTC, what their combat readiness is. If we are going to rely on those forces in some future war, we have an obligation today to make sure that the training they need to fight and win is provided to them. Thank you, Mr. Chairman.

Mr. WEST. Would you like some written answers to those specific questions?

Mr. MCHALE. I would invite and would insist upon the most detailed answers. My hope is that those answers are encouraging and that we see that those enhanced brigades are indeed being prepared to fight. I will be scrutinizing those answers very carefully. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. I join Secretary West putting in a plug for ROTC.

The gentleman from Rhode Island, Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman. I would like to join my colleagues in thanking the panel for their testimony and for their service to our country and its national security. I would like to dovetail two of my questions with comments and questions that have already been asked.

I can't emphasize strongly enough my feelings in the same vein as Congressman Edwards and Congressman Abercrombie in terms of impact aid and like them I would like to hear from all of you in terms of what you are doing to ensure that impact aid is addressed so we are not finding out after the fact that we don't have support for our service personnel and their families back in our districts.

Second, I would like to follow up on some of the issues that were brought up by Representative McHale in terms of education. Because the three Secretaries are here, I would like to ask all of you to speak to us about the roles and missions and the Joint Requirements Oversight Council with respect to military education and training going forward and would you also talk about the IMET program?

I am concerned because in my State in Rhode Island we have the Naval War College, but I am anxious to find out in the future with the other war colleges and the other branches of the services coming under the same microscope that the service academies are currently under with respect to that national broadcast what your feeling is with respect to those professional training and education facilities.

Ms. WIDNALL. Well, as I said before, we are concerned about impact aid. I think we need to go back to DOD and sort of look for a comprehensive DOD position on this issue. It is a rapidly moving target and we need to understand the impact.

With respect to the professional military education establishments, the war colleges, let me just back up a little bit and admit

that before I came into this position I was an educator, a faculty member at MIT.

I am firmly of the opinion that education is a lifelong activity; that it is an extraordinarily valuable activity. I spend a fair amount of time at Maxwell, which is Air War College and have had a chance to review many of the programs. I see the way it fits into the life of a professional officer, the various stages of a career when officers go back for squadron officers school or advanced air power studies.

The Chief and I have recently made mandatory a commanders course. Well now, at various stages—before individuals receive a command assignment in the Air Force they will attend a special command course to prepare for the myriad of responsibilities that come with command.

We have had such courses in the past, but the difference is now that they will be mandatory and will receive more attention. So I am deeply committed to what goes on. IMET is a program that I think is extremely important. It is not a large sort of dollar item. I think it is important beyond the size of its budget. We are aware that it is continually under scrutiny, but can provide the exact number for the Air Force, but I believe I could say something like 20 of the world's current air chiefs have passed through the IMET program in cooperation with the Air Force. I don't believe you can measure the value of those professional relationships and the feelings that those individuals have about the United States and the quality of their English.

Mr. DALTON. Mr. Kennedy, I agree with Secretary Widnall what she said about the importance of education and would point out that a lot of attention is being given to what happened in World War II today as we are commemorating the 50th anniversary.

In World War II, the only part of warfare not prepared for at the War College was kamikaze attacks. From that time forward, the Naval War College has continued to play an important role for continuing education for our naval officers and I think will continue to well into the future.

Mr. WEST. I think it has been pretty much covered. I would make two comments. One is, lots of things contributed to our success in Desert Storm. Three things are key, American technology, the extraordinary quality of the individual service members we had there, and their training.

Our education both for officers and NCO's throughout the various grades are what make for the highly trained personnel that are the envy of the world. Second, on IMET, it is an important part of how we touch the rest of the world, how we teach them how military get along in a democracy, among other things. That is an important lesson that we send almost exclusively through the IMET program.

Mr. KENNEDY. I would like to follow up on a comment made by Secretary Dalton with respect to the kamikaze. Much of the earlier discussion of this committee was focused on the absolutely necessary need to develop good theater missile defense programs and given the experience of our troops in the Persian Gulf we have seen illustrated how important to implement that program is. But in the wake of the Sarin gas attack and terrorism in Japan and the bomb-

ing in Oklahoma, what would your opinions be in terms of defining national security with respect—in the aftermath of those two incidences and to what extent have you as secretaries of our armed services been called in to counsel our Federal agencies in terms of a comprehensive response to this new threat to our national security that is being presented?

Mr. WEST. I think that the question of our response and our contribution to the response of these kind of activities, of course, calls into question two things: One, what are we capable of and, two, what can we do legally and consistently with the traditions of American society?

We have a number of unique capabilities, intelligence gathering, things of that sort. Second is the area in which we have to tread carefully. We have on the books, of course, policies, laws like posse comitatus, traditions in the society which we are careful about whether and under what circumstances we turn our armed force internally. So in terms of the proposals, I think we have to weigh them carefully and proceed cautiously.

Yes, the DOD is part of the ongoing consultations about that. I don't think we have a hard and fast position yet. Remember that already wherever there is an emergency around the United States, the DOD is called in in a role, whether it is something equally as traumatic, but less law enforcement-related like the earthquake in North Ridge or floods in Florida or fires in the Pacific Northwest or the recent tragedy which has a law enforcement aspect in Oklahoma City, the DOD provides the ultimate backup in terms of supporting FEMA and those entities there from State and local.

Right now, I think the big thing for us is, yes, there are contributions that can be made, but we have to be very careful to work our way through each instance as to its lawfulness and its consistency with past traditions, not turning your defense agencies, your military services into internal law enforcement activities.

Mr. KENNEDY. In that light, though, there is a great deal of money being expended on our national Ballistic Missile Defense Program or even interest in expanding the amount of money that is spent toward that. Given these instances, however, it is clear that money is going to be needed to address terroristic acts in this country as well.

I am just asking your feelings with respect to allocating money that is under national security for our national defense overseas toward national security interests that we have here domestically.

Mr. WEST. We have not been called on to consult on that and for that reason I don't think we are prepared to go into that right now. I answered the question I could answer.

Mr. KENNEDY. Thank you.

Mr. TALENT presiding. I am pleased to recognize the distinguished ranking member.

Mr. DELLUMS. Thank you, Mr. Chairman. Let me indicate to our distinguished witnesses that Chairman Spence had to leave slightly prematurely to catch a plane and asked me to join him in thanking you very much for your participation in these hearings.

Mr. Chairman, as you recall earlier, I reserved my time in order to allow more junior members an opportunity to engage the witnesses and that is a two-edged sword. You gain the gratitude of

your colleagues for allowing them to do that, but by the time you get to speak, there is nobody there to listen.

Mr. TALENT. If the gentleman will yield, as one of those junior members, I appreciate the gentleman's unfailing courtesy in that regard. I think all of us who remain will benefit from your comments.

Mr. DELLUMS. I would like to make three observations and since you, Mr. Chairman, are now representing our colleagues on that side of the aisle, let me first say that we are now coming to the end of this hearing, but we are also coming to the end of this phase of the legislative process and that is the hearings.

In that regard, my hope is that we will in a very fundamental and effective way address the issue of unfunded contingencies, activities other than war. If we take it out of a partisan context and out of an ideological context and begin to view this issue as a good Government question, I think that that bipartisan fashion we ought to be able to step up to the plate and address this issue in a very clean and substantive way.

My second comment goes to the issue of the B-12. As you recall in the last Congress, Mr. Chairman, we were in a role reversal situation and I was sitting as the Chair. Last year, in the context of the conference committee, then Chairman Nunn of the Senate committee and myself as the Chair of this side had to sit down and hammer out a conference agreement on the issue of the B-2.

Many of our colleagues on both sides of the aisle and on both sides of the Hill said that in Dellums and Nunn you have the strongest proponent and opponent sitting right across the table from each other and if those gentlemen can walk in a room and lock the door and come out with an agreement, we can all live with it.

I stepped into that room with total confidence in the substantive argument and was not prepared to engage in politics or procedural chicanery, but rather to allow this issue to be dealt with on the integrity and the merit of the substantive question. So I made a proposal to the chairman of the Senate that if there is a discussion, if there is controversy around the issue of a bomber gap, bomber shortage problem, let's ask the Department of Defense to look at that question, come to some objective answer of whether or not a problem exists in that regard, what are the various scenarios that they would look at in order to solve that problem, and what is the most cost-effective way to deal with it.

Because I recognized that Senator Nunn was a very strong proponent of the B-2, I wanted, on the basis of integrity, to say clearly and unequivocally that the B-2 could be on the table as a legitimate option, and that is why we also dealt with the question of industrial base. But I felt supremely confident that at the end of the day on the basis of substance and merit, not politics and chicanery, that the perspective that this gentleman has held that we don't need it, can't afford it, and there are alternatives, that that would ultimately prevail, but I said let's step back and let them deal with the question openly and honestly.

The conclusions that have been made as a result of that, I would allude to a couple of them. The planned force can meet the national security requirements of two nearly simultaneous MRC's for anti-

pated scenarios, et cetera. Additional quantities of accurate guided munitions would be more cost-effective than procuring an additional 20 B-2's for meeting the requirement. Planned conventional mission upgrades to the B-1 B are more cost-effective than procuring an additional 20 B-2's for meeting the requirements of the two MRC scenario.

Because the bomber requirement study concludes that our planned forces of 20 B-2 aircraft are sufficient for the anticipated scenarios, I plan to reevaluate the decision to allocate funds for preserving the B-2 production base. The final comment—the fiscal year 1995 heavy bomber study is the most comprehensive, in depth, quantitative analysis performed to date that is focused on the use of our three heavy bombers in the conventional war-making role.

The position that we have advocated for some time is now sustained in an independent, "objective study." My hope was that that would end this and that we would move on, but in my 24 years in Congress I am not sure that it will end. But at least I believe that substantial merit has now been given to the position that we have attempted to maintain.

I say that to make my final comment and then I will step off the stage as it were. Mr. Chairman, we have heard from the Service Chiefs, from the theater CINC's and now from the Secretaries of the respective services. Each of them clearly, unequivocally and articulately and eloquently laid out what they perceive to be the important priorities, both funded and unfunded.

The Secretaries today spoke to those very same priorities, funded and unfunded, and to the significance of the balance of the priorities that they have established. I for one, based on my politics and my perspectives and my analysis over a long period of time, do not believe that a compelling argument or case can be made for significant increases in the military budget. You know that. That is not a secret.

I feel totally prepared to debate that any time, anyplace anywhere under any circumstances. I feel strongly about that. But I see lightning and hear thunder with the best of them. Your party is now in control and it is clear from the statement that the Chairman made this morning that there is going to be an effort to increase this military budget. The only thing that I can say to you is my hope is that if you are going to do it, do it consistent with the admonishments of the need for balance and do it consistent with the priorities that were laid out by the Secretaries, by the service chiefs and by the CINC's. That doesn't mean putting monies into B-2 bombers. Nobody is asking for that.

That doesn't mean putting significant billions of dollars into national missile defense. Nobody is asking for that. But what they are asking for is quality of life, certain tactical sea airlift, et cetera, certain other tactical considerations, modernization of programs. So if you are going to pour money in, at least it ought to be poured in based on the consistency of the testimony that has come before us.

I would have liked to have seen these persons testify earlier in the process and I said that in my opening remarks. That is my point of view. I lay it out. Even though we started with the uniformed personnel, they were articulate in their presentation about

the adequacy of where we are, the efficacy of the planning that has taken place and the projected priorities that they see and envision that has now been underscored again by the witnesses who are here today.

So to summarize, I hope that we, first, address the issue of contingency funding. I think that it is terrible for government to go down the road that we are going.

Let's face the objective reality that there are going to be the Bosnias, Somalias, the Haitis, and the Rwandas of the world, and as a major power in the world we have some responsibility to deal with those questions and I think we need to figure out how to fund it so that these folks are not operating the way they are. We get into these readiness discussions that it seems to me we can get beyond with intelligent approaches.

Second, I hope this study puts to rest the issue of how we address the bomber gap issue and that there is no need for us to proceed with 20 more B-2's. It is not cost effective. There is a tremendous bow wave that will create significant problems for us. If you are going to add money into the budget, do it on the basis of the priorities that have been clearly established.

One of the things that is of great importance to me is that we not only live in the context of the military budget, but of the total overall budgets. When I see the caps in discretionary spending going down in the total budget, and we are talking about a significant increase in the military budget, the havoc and the disaster that I believe can be wreaked upon other programs in other parts of this budget that will have dramatic impact on the national security of this country because at the end of the day, the health and vitality of this country and our people and our economy is a significant part of our national security, that it gives us pause to not run off willy-nilly talking about tens of billions of dollars increase when we have to do our own balancing act not only with the military budget but other significant important governmental functions as it relates to the people.

Thank you, Mr. Chairman. I make those observations and I join Chairman Spence in thanking our three distinguished panelists for your articulate presentation and your endurance this morning.

Mr. TALENT. Does the gentleman want to submit that report for the record?

Mr. DELLUMS. I would imagine that Mr. Spence has probably already submitted it for the record. This letter is not classified. The report is classified. I am sure that in the process that—

Mr. TALENT. Whatever you want.

Mr. DELLUMS. We will submit this for the record, but the classified version is already part of the record.

Mr. TALENT. Thank you. I would like to express the sentiments of the committee from both sides in thanking you for your patience in being here today. The hearing is adjourned.

[Whereupon, at 1:05 p.m., the committee was adjourned.]

#### MODERNIZATION PROGRAM

Mr. SPENCE. What do you regard as the key elements of your service's modernization program in the FY96 budget request? If additional funds were available, what priorities for program increases would you recommend?

Dr. WIDNALL. The Air Force has four key modernization priorities:

In the near-term, our top priority is global air mobility. The recent Mobility Requirements Study Bottom-Up Review Update identified the need for at least 120 C-17 equivalents.

In the mid-term, our top priority is to upgrade our bomber fleet. Our current plan of integrating upgrades and precision guided munitions is the most cost effective approach to achieving 100 deployable bombers at the end of FY99.

In the long term, air superiority is our top priority. The F-22's characteristics of supercruise, integrated avionics, and stealth will maintain our air superiority far into the 21st century.

Our fourth priority spans near, mid- and long-term—fielding relevant, capable space forces. Two new starts this year, Evolved Expendable Launch Vehicle and Space Based Infra-Red System provide us the core competencies only a dedicated air and space force can offer.

We have identified six items that represent our top unfunded modernization priorities. Restoring the recent cuts to the F-22 program is the first priority. These restored funds would keep this vital program on track, reduce out year costs and allow us to extend the air superiority we have enjoyed since World War II into the 21st century. Strategic mobility is also a top priority to ensure we can meet the requirements of the National Military Strategy. A multiyear buy of 120 strategic mobility aircraft will improve this capability and reduce acquisition costs. To sustain our current force structure into the next century, we would also add funds to buy additional F-15E and F-16 Block 50 aircraft, as well as additional F-100-PW-229 engine spares to improve readiness and commonality. We also have a need for a significant RDT&E investment in the Joint Air-to-Surface Standoff Missile. Precision weapons are significant force enhancers and are critical to our future smaller force and two nearly simultaneous major regional conflict strategy.

There are other programs that are also important that we have previously identified, such as: bomber upgrades, space systems, intelligence and reconnaissance, combat search and rescue, C-5 reliability modifications and many others. Supporting these modernization efforts will enhance tomorrow's combat force.

#### CONTINGENCY OPERATIONS

**Mr. SPENCE.** What ongoing contingency operations are expected to still be underway at the beginning of FY96? What are the estimated costs for these operations and how do you plan on paying for them?

**Dr. WIDNALL.** It is difficult to predict with any certainty which current contingency operations will still be ongoing or in what force configuration in FY96. Based on the current prospects for peaceful dispute resolutions, it is predicted the Air Force will still be engaged in Southwest Asia, Bosnia, and Guantanamo Bay in FY96. Barring any significant changes in force structures deployed in support of these operations, the cost to the Air Force will be: Provide Comfort—\$118M; Southern Watch—\$275M; Bosnia—\$242M; and Guantanamo Bay—\$10M.

The initial source of funding for any contingency operation is primarily the respective service's Operations and Maintenance account. This necessitates a supplemental budget request to obtain timely reimbursement of funds and to hopefully avoid any near term degradation in force readiness levels. It is important to note that current Air Force funding requests will maintain present levels of readiness, but are contingent upon timely receipt of supplemental funding. Any delay in the receipt of supplemental funding will create significant near-term readiness problems and produce funding bow waves in the ensuing budgets.

#### READINESS REQUIREMENTS

**Mr. SPENCE.** What readiness requirements are unfunded or underfunded in the FY96 budget, and what are the near-term and long-term readiness impacts?

**Dr. WIDNALL.** There are no significant unfunded or underfunded readiness requirements in the FY96 Operations and Maintenance (O&M) budget. FY96 funding levels represent a reasonable risk in the current fiscal environment, provided we are able to sustain the planned increases in modernization funding now included in the FYDP. Stability in our O&M accounts is the key to both near-term and long-term readiness. Prompt reimbursement for contingency operations is necessary to maintain the balance between force structure, modernization, and readiness support. Delays in reimbursement can force us to curtail flying and increase backlogs.

#### AMMUNITION AND SMALL ARMS INDUSTRIAL BASES

**Mr. SPENCE.** The industrial bases for ammunition and small arms appear to be in worse shape than most, with no procurement at all for small arms, and an 80%

decrease in ammunition requirements. Army and Marine Corps officials have stated that if given additional funds, ammunition procurement would be on the top of their lists. With the dire state of affairs facing the ammunition and small arms industry, are you confident that there will be ammunition and small arms industrial base capability in the "out years", prepared to restart production when needed?

**Dr. WIDNALL.** We share Congressional concern over the deteriorating base. As a result of Congressional interest, two independent but interactive organizations were formed in 1993 to assess the health of the ammunition industrial base and to recommend potential solutions to identified problem areas. One, the Munitions Industrial Base Task Force (MIBTF), is a non-profit industry group consisting of more than a dozen U.S. ammunition producers. The other is a joint-Service, senior-level military group, formed by the U.S. Army Materiel Command, known as the Single Manager for Conventional Ammunition MIBTF. Through these groups' continual efforts, we are confident that appropriate industrial base capability will be maintained.

As programs for more modern weapons, such as Sensor Fuzed Weapon, Joint Direct Attack Munition, and Joint Stand-Off Weapon mature, our reliance on older technology weapons will diminish. Nonetheless, we closely monitor the health of the industrial base for all ammunition. Currently, industrial base concerns exist for general purpose bomb body and medium caliber ammunition production capability. To ensure capability is protected and maintained, we have budgeted funds in FY96 and FY97 to support minimum sustaining rate production. Funding for these items in FY98 and beyond is required to support our requirements and to maintain a healthy production base.

#### F-22

**Mr. SPENCE.** The F-22 has been delayed a total of 11 years by DOD and congressional program and fiscal decisions. DOD indicates that these actions have resulted in a no value-added projected increase in program cost of nearly \$6B in the last three years alone. The General Accounting Office has been critical of the program because of what it perceives as excessive "concurrency." Before the operational tests are completed in February 2002, the Air Force will have committed \$12.4B for production of 80 aircraft, about 20 percent of the planned 442 aircraft inventory. In addition, weight growth and less than anticipated engine operating parameters will require increased program funding or a modification of performance standards. The committee has been advised that the approximately \$700 million in congressional and department reductions made in the F-22 program over the past three years have resulted in nearly \$6B cost impact to the program. Is this true? Can you provide further detail?

**Dr. WIDNALL.** DOD and Congressional cuts to the F-22 program from FY93 through FY96 have totaled \$860 million, resulting in two completed rephases and a third currently in work.

{In millions of dollars}

	Fiscal year—			
	1993	1994	1995	1996
OSD .....			100	200
Congressional .....	287	163	110	(?)
Cost .....	1 700	2 570	3 432-	950

<sup>1</sup> 1st rephase.

<sup>2</sup> 2nd rephase.

<sup>3</sup> 3rd rephase (estimate).

Following are the cost growth and production impacts:

	EMD increase (millions)	Production increase
Rephase 1 .....	\$700	\$2.5 billion (448 A/C—1 year slip).
Rephase 2 .....	570	\$1.5 billion (442 A/C—1 year slip).
Rephase 3 est. .....	432-950	\$0.0 billion <sup>1</sup> (442 A/C—6 month slip).

<sup>1</sup> Currently no cost growth due to production slip remaining in the same fiscal year.

The Engineering and Manufacturing Development (EMD) budget impacts for the first two rephases totaled \$1.27 billion, (inflation and cost growth) and the production increase totaled \$4.0 billion, (all due to inflation) for a total impact to the pro-

gram of \$5.27 billion. We are currently assessing the cost growth impacts of the third rephase.

#### F-22

**Mr. SPENCE.** Much has been said by the GAO and media about excessive concurrency in the F-22 program. Can you tell us why you believe they are off the mark?

**Dr. WIDNALL.** The Air Force believes the GAO report on concurrency in the F-22 program is fundamentally flawed because of their focus on only dedicated Initial Operational Test and Evaluation (IOT&E) versus aircraft procurement, ignoring the rest of the development program. The F-22 effort was laid out using sound management principles and judgment in an effort to avoid the pitfalls of previous programs while achieving the most efficient and affordable schedule.

The Defense Science Board looked at F-22 concurrency and came to a very different conclusion from the GAO: “\* \* \* there are appropriate future milestones on which to judge readiness for production ramp-up. Thus, there is no reason, based upon risk/concurrency, to introduce a schedule stretch at this time.” They based their conclusion on several different metrics which stretch across the Engineering and Manufacturing Development (EMD) program.

First, the time from the start of EMD to first flight is twice that of previous programs, 71 months, based on the current schedule. Consequently, there is more time to find and correct problems. Next, there are more F-22 flight test hours scheduled than for any previous fighter, amounting to twice the average of fighters developed since 1970. Again, this allows more opportunity to find and correct problems. An IDA study shows that there are fewer production F-22's on contract at completion of Developmental Test & Evaluation (DT&E) than the three most recent fighter programs. Also, a RAND study found that major problems are usually identified during the first 20 percent of DT&E. F-22 flight testing will be 27 percent complete before the production rate increases beyond four aircraft per year. Time from major production commitment and the number of aircraft committed to production prior to the end of IOT&E (GAO metrics) are comparable to other fighter programs. The layout of the F-22 EMD and flight test program allows ample opportunity to identify and correct problems prior to significant incremental production commitments.

The GAO recommended limiting the initial production rate of six to eight aircraft per year until the end of IOT&E. However, the GAO failed to address the high cost of unnecessarily reducing the planned production rate. If production is held at four aircraft/year for an extra year, the cost is roughly \$2.3 billion, with an estimated \$8–10 billion additional cost to the program for a multi-year extension of low rate production. In addition, lowering the planned production rate drives inefficiencies that are especially difficult for the suppliers to accommodate. Needlessly reducing concurrency significantly increases program cost and delays F-22 operational availability.

#### F-22

As recently demonstrated in Bosnia, another critical aspect of the air superiority struggle is the enemy SAM threat. Allowing our forces to dominate friendly and enemy airspace and deny the enemy freedom of action significantly degrades his warfighting capability. The F-22 will engage the enemy when we are the most lethal and he is the most vulnerable. The most stressing example of the SAM threat to the air superiority force is the SA-10/12/Patriot-class systems. Unless there is a large supporting force of lethal and non-lethal electronic warfare assets, an aircraft must have stealth to operate in enemy airspace protected by these SAMs. The SA-10/12 class weapons are significantly more capable than anything coalition forces faced in Desert Storm, and they are proliferating throughout the world.

The F-22's development timing is crucial to the Air Force's fighter modernization plan. Because of increasing aerospace threats, the Air Force has laid out a total force plan that ensures we can successfully employ air power to help the JFC execute the optimum game plan for a quick and decisive victory. Our current national strategy dictates we have sufficient quality and quantity of airborne forces to ensure air superiority in two MRCs. Procuring 442 F-22s will ensure the US has the right number of aircraft to cover the geographic area and the quality to dominate the advanced threat. Because the Air Force cannot afford to procure both the F-22 and an F-16 replacement at the same time, delay of the F-22 means the F-15/F-16 fleet will require modifications, not currently budgeted, in order to remain marginally viable in the future. That marginal effectiveness will then have an impact on our F-117/F-15E replacement plan, and the nation incurs a large risk.

The GAO recommended limiting the initial F-22 production rate to six to eight aircraft per year until the end of IOT&E. However, the GAO failed to address the high cost of unnecessarily reducing the planned production rate. If production is held at four aircraft/year for an extra year, the cost is roughly \$2.3 billion, with an estimated \$8–10 billion additional cost over the program for a multi-year extension of low rate production. In addition, lowering the planned production rate drives inefficiencies that are especially difficult for the suppliers to accommodate. Needlessly reducing concurrency increases program cost and delays F-22 operational availability.

### FFRDCS

**Mr. SPENCE.** The Defense Science Board just released its report on the value of Federally Funded Research and Development Centers (FFRDCs). FFRDCs cost the DOD about \$1.2B/year for studies/analysis and other support. Can you tell the Committee the most important issue being studied for your service at the moment?

**Dr. WIDNALL:** Although we use FFRDCs for many purposes, our most important studies and analysis project is the work RAND Project Air Force is doing to assist our transition to the 21st century. RAND performs policy research across the entire spectrum of mission and functional areas. They are helping us decide where the Air Force should head in response to shifts in national security demands and diminished budgets, and in identifying the problems and risks in getting there. RAND provides us with objective and independent insight for our future policies, strategies, and warfighting doctrines, as well as supporting our more immediate goals of implementing acquisition reform.

### FFRDCS

**Mr SPENCE.** Can you give the Committee a feel for the worth of FFRDC's to service missions?

**Dr. WIDNALL.** I believe the budget we spend on Federal Funded Research and Development Centers (FFRDCs) each year is well worth our investment. I cannot imagine accomplishing our mission without their support. For example:

RAND Project Air Force provides us with an independent and objective strategic planning asset that we could not maintain in-house. RAND provides us with top-of-the-line researchers and analysts ready to produce a quick, decision-forced analysis of pressing issues facing the Air Force. On a slower timeline, they have the depth of experience and a broad spectrum of intellectual disciplines to help us develop, analyze, and implement new policies, strategies, and doctrines that will lead us into the 21st century.

The Aerospace and MITRE Corporations provide mission critical support to our acquisition community and, ultimately, to the warfighter. They serve as the technical continuity base at our product centers, the Space and Missile Systems Center in California and the Electronic Systems Center (ESC) in Massachusetts. As our weapons systems become increasingly complex, Aerospace and MITRE provide us with highly competent, multi-disciplined, totally conflict-of-interest free systems engineering and integration support. This allows us to develop and integrate weapons systems for the warfighter in the total system-of-system context.

The Massachusetts Institute of Technology's Lincoln Laboratory, also located at ESC, has been a unique national asset since it was established in 1950. The Laboratory conducts leading-edge, precompetitive technology research in the various disciplines of advanced electronics. This research has supported the development of many DOD weapon systems, as well as leading to numerous technologies which have been transferred to the commercial sector.

### REPLENISHMENT OF PRECISION GUIDED MISSILES, BOMBS, AND AMMUNITION

**Mr. HOSTETTLER.** In a report given to Senator McCain earlier this year by retired Service Chiefs it was stated that, and I quote, "Many of the weapons in the Persian Gulf War were precision guided munitions such as Tomahawks, \* \* \* etc. \* \* \* Following the war, an FY 1991 supplemental appropriation provided \$2.9 billion of the \$6.4 billion requested by the Pentagon for weapons modification and the replenishment of the missiles, bombs, and ammunition expended during the war." Could you comment on whether our stock of precision guided munitions was ever adequately replenished?

**Dr. WIDNALL.** Yes. Current precision guided munitions (PGM) quantities are greater than before Desert Storm. However, we have additional requirements to compensate for reduced force structure, to meet our two-conflict strategy, to minimize aircraft attrition, and to maintain a decisive warfighting capability. Thus,

there remains a shortfall of PBMs and other modern munitions to meet Air Force requirements. These shortfalls are being addressed through current weapons programs such as the Joint Air-to-Surface Standoff Missile, Conventional Air Launch Cruise Missile, Joint Direct Attack Munition, Joint Stand-Off Weapons, and Wind-Corrected Munitions Dispenser.

#### CIVILIAN PERSONNEL CEILINGS

**Mr. SOLOMON.** The Department has accelerated the reduction of civilian personnel to reach end strength ceilings established by the National Performance Review. These reductions are having an effect on the ability of the services to perform certain functions. I am partially concerned about this in regards to depot maintenance and where there is work to do and funds available, but, because of the personnel ceilings, the workload cannot be performed. What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

**Dr. WIDNALL.** The Air Force clearly recognizes the need to downsize infrastructure to match operational reductions and has undertaken numerous actions to accomplish this admittedly painful process. The question addresses two issues: the ceilings imposed by the National Performance Review and the execution of depot maintenance requirements. Civilian personnel ceilings concern us because they restrict our flexibility to meet the dynamic changes represented in our day-to-day mission. Regarding execution of depot maintenance requirements, the assertion that "workload cannot be performed," is not entirely accurate. Mismatches normally occur between requirements and available capability. In general, we currently have more capability (depot personnel on board) than workload. This situation is being addressed across our depot maintenance community with various downsizing actions including incentivized voluntary departures, early retirements, and involuntary reductions in force, of which Congress has been advised. Our overarching concern is maintaining the flexibility to freely adjust the work force to meet depot maintenance requirements.

#### CIVILIAN PERSONNEL CEILINGS

**Mr. SOLOMON.** To what extent have the personnel caps led to the transfer of work from civilian employees at the depot to contractor employees, and how has that impacted the cost of the maintenance?

**Dr. WIDNALL.** As yet, the Air Force has transferred no organic depot maintenance work to contractors as a result of civilian personnel ceilings.

#### CIVILIAN PERSONNEL CEILINGS

**Mr. SOLOMON.** To what extent has civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilian employees, and how has that impacted the cost of maintenance?

**Dr. WIDNALL.** It is Air Force policy not to assign military personnel to accomplish work formerly done by civilian employees whose positions were eliminated in civilian downsizing. If an eliminated civilian position is in a mixed civilian/military work center, the eliminated civilian's work may be distributed to the remaining civilian and military personnel. However, the eliminated civilian position will not be back-filled with military personnel and additional military personnel will not be added to a work center prior to the elimination of a civilian position. As a result, there has been no impact on the cost of depot maintenance.

#### MILITARY CONSTRUCTION

**Mr. SOLOMON.** We have received the Department's request for military construction for the coming year, but I would be interested in learning of any further military construction requirements that the Services may have that have not already been identified, and I would like that provided to my office for the record.

**Dr. WIDNALL.** The following list of projects are high priority requirements that have been identified by our commanders for inclusion in future military construction (MILCON) programs. These requirements will be funded on a priority basis, and in accordance with MILCON funding levels established by our resource allocation process. The FY96 request includes our current highest priority requirements. Any projects added to our FY96 program should not displace a requirement in the request, and should come from the attached list of commander validated projects. Although these requirements can wait, they are valid and we would be able to execute them if added in FY96.

## FISCAL YEAR 1996 AIR FORCE UNFUNDED REQUIREMENTS

[In millions of dollars]

Command	Base	State	PRI	Project	PA
PACAF .....	Eielson .....	AK	1	Aircraft Support Equipment Facility .....	7.5
PACAF .....	Elmendorf .....	AK	1	MFH—Improve Community Infrastructure .....	2.2
AETC .....	Maxwell .....	AL	1	Officer Training School Academic Facility .....	11.0
AETC .....	Maxwell .....	AL	2	Squadron Officers School Dormitories .....	11.5
AETC .....	Maxwell .....	AL	3	Upgrade Utilities .....	7.0
ACC .....	Little Rock .....	AR	1	Squadron Operations/Aircraft Maint Unit Facs (2).	12.8
ACC .....	Little Rock .....	AR	2	Control Tower .....	2.4
ACC .....	Davis Monthan .....	AZ	1	ABCCC Maintenance Fac .....	4.5
ACC .....	Davis Monthan .....	AZ	2	Fitness Center .....	3.9
ACC .....	Davis Monthan .....	AZ	3	Aircraft Parts Store .....	1.7
AETC .....	Luke .....	AZ	1	Dormitory .....	6.6
AETC .....	Luke .....	AZ	2	Add to and Alter Fitness Center .....	3.0
ACC .....	Beale .....	CA	1	CARS Deployable Ground Station Support Fac.	7.0
ACC .....	Beale .....	CA	2	MFH—Replace 82 Units .....	10.0
AFMC .....	Edwards .....	CA	1	Renovate Aircraft Maintenance Hanger .....	8.5
AFMC .....	Edwards .....	CA	2	Consolidated Test Management Fac .....	11.6
AFMC .....	Edwards .....	CA	3	MFH—Replace 60 Units .....	9.4
AFMC .....	Los Angeles AFB .....	CA	1	MFH—Construct 58 Units .....	14.0
AMC .....	Travis .....	CA	1	Air Mobility Operations Group Fac .....	5.0
AMC .....	Travis .....	CA	2	Dormitory .....	6.4
AMC .....	Travis .....	CA	3	Family Support Center .....	1.8
AFSPC .....	Vandenberg .....	CA	1	Combat Arms Facility .....	1.5
AFSPC .....	Vandenberg .....	CA	2	Satellite Processing Facility .....	3.3
USAFA .....	Academy .....	CO	1	Family Support Center .....	1.8
USAFA .....	Academy .....	CO	2	Add/Alter Dormitory .....	3.6
USAFA .....	Academy .....	CO	3	Add/Alter Community Center Chapel .....	1.9
USAFA .....	Academy .....	CO	4	Add/Alter Community Center Gym .....	1.6
AFSPC .....	Falcon .....	CO	1	Add to and Alter Dining Facility/Safety Up-grade.	3.6
AFSPC .....	Falcon .....	CO	2	Operational Support Fac .....	9.0
AFSPC .....	Peterson .....	CO	1	Add/Alter Dormitory .....	8.4
AFSPC .....	Peterson .....	CO	2	MFH—Improve 46 Units .....	3.5
AFDW .....	Bolling .....	DC	1	MFH—Replace 16 units .....	2.0
AMC .....	Dover .....	DE	1	Dormitory .....	7.3
AMC .....	Dover .....	DE	2	MFH—Replace 72 Units .....	6.5
AMC .....	Dover .....	DE	3	Family Support Center .....	2.0
AFMC .....	Eglin .....	FL	1	Renovate Dormitory .....	7.3
AFMC .....	Eglin .....	FL	2	Renovate Electrical Dist Sys .....	9.0
AFMC .....	Eglin .....	FL	3	MFH—Improve 67 Units .....	5.0
AFSPC .....	Patrick .....	FL	1	Air Freight/Pax Terminal .....	6.2
AETC .....	Tyndall .....	FL	1	AGE Maintenance Fac .....	2.7
AETC .....	Tyndall .....	FL	2	MFH—Replace 30 Units .....	4.3
AETC .....	Tyndall .....	FL	3	Communications Complex .....	6.2
ACC .....	Moody .....	GA	1	Extend Runway .....	12.3
ACC .....	Moody .....	GA	2	Global Power Center .....	9.9
ACC .....	Moody .....	GA	3	Child Development Center .....	3.8
ACC .....	Moody .....	GA	4	Squadron Operations/Aircraft Maintenance Unit Fac.	4.7
AFMC .....	Robins .....	GA	1	Dept Plant Services Complex .....	9.9
ACC .....	Robins .....	GA	2	JSTARS Squadron Operations/Aircraft Maint Unit Fac.	9.1
AFMC .....	Robins .....	GA	3	Upgrade Dormitory .....	11.0
ACC .....	Robins .....	GA	4	JSTARS Add to and Alter Apron/Hydrant Fuel Sys.	7.1
AFMC .....	Robins .....	GA	5	MFH—Replace 110 Units .....	11.1
ACC .....	Robins .....	GA	6	JSTARS Aircraft Maintenance Facilities .....	1.7
ACC .....	Robins .....	GA	7	JSTARS Add to and Alter Dining Fac .....	4.5
ACC .....	Robins .....	GA	8	JSTARS Child Development Fac .....	2.2
ACC .....	Mountain Home .....	ID	2	Flightline Fire Station .....	6.8
AMC .....	Scott .....	IL	1	Dormitory .....	4.2
AMC .....	Scott .....	IL	2	Child Development Center .....	3.6

## FISCAL YEAR 1996 AIR FORCE UNFUNDED REQUIREMENTS—Continued

[In millions of dollars]

Command	Base	State	PRI	Project	PA
AMC	Scott	IL	3	MFH—Improve 34 Units/Infrastructure .....	6.3
AMC	McConnell	KS	1	Education Center .....	5.9
AMC	McConnell	KS	2	Dormitory .....	6.5
AMC	McConnell	KS	3	KC-135 Squadron Operations Fac .....	6.3
AMC	McConnell	KS	4	MFH—Improve Community Infrastructure .....	3.0
ACC	Barksdale	LA	1	Communications Support Squadron Fac .....	2.6
AFMC	Hanscom	MA	1	Alter Electronic Research Engineering Fac .....	6.0
AFMC	Hanscom	MA	2	MFH—Replace 32 Units .....	4.9
AMC	Andrews	MD	1	Child Development Center .....	4.7
AMC	Andrews	MD	2	Family Support Center .....	3.1
ACC	Whiteman	MO	1	MFH—Construct 20 Units <sup>1</sup> .....	2.5
AETC	Columbus	MS	1	ADAL Squadron Operations Fac .....	1.3
AETC	Columbus	MS	2	Replace Ground Approach Transmitter/Receiver Fac.	1.0
AETC	Keesler	MS	1	Upgrade Technical Training Fac .....	9.2
AETC	Keesler	MS	2	Base Contracting Facility .....	1.7
AETC	Keesler	MS	3	MFH—Replace 22 Units <sup>1</sup> .....	3.2
ACC	Pope	NC	1	Dormitory .....	5.0
ACC	Seymour Johnson	NC	1	Squadron Operations Fac .....	3.5
ACC	Seymour Johnson	NC	2	F-15E Student Officers Quarters .....	2.0
ACC	Seymour Johnson	NC	3	Simulator Fac .....	3.6
ACC	Seymour Johnson	NC	4	Aircraft Maintenance Fac .....	2.5
ACC	Seymour Johnson	NC	5	Dining/Troop Issue Fac .....	4.7
ACC	Seymour Johnson	NC	6	Consolidated Support Center .....	6.6
AMC	Grand Forks	ND	1	Dining Facility .....	7.2
AMC	Grand Forks	ND	2	Dormitory .....	4.5
AMC	McGuire	NJ	1	Dormitory .....	7.3
AMC	McGuire	NJ	2	Air Mobility Operations Group Fac .....	9.8
AMC	McGuire	NJ	3	Dining Facility .....	5.0
ACC	Holloman	NM	1	Learning Center .....	6.0
ACC	Holloman	NM	2	Construct AGE Fac .....	3.0
ACC	Holloman	NM	3	Add to and Alter Fitness Cetner .....	5.2
AFMC	Wright-Patt	OH	1	Renovate Acquisition Management .....	9.9
AFMC	Wright-Patt	OH	2	Water Treatment Facility .....	7.2
AFMC	Wright-Patt	OH	3	MFH—Improve 66 Units .....	5.9
AETC	Altus	OK	1	Base Civil Engineer Complex .....	8.5
AETC	Altus	OK	2	Replace Visiting Airman Quarters .....	3.9
AFMC	Tinker	OK	1	Consolidated Vehicle Maintenance Fac .....	8.3
AFMC	Tinker	OK	2	Upgrade Storm Drainage Fac .....	2.9
AFMC	Tinker	OK	3	Corrosion Control Fac .....	19.0
AFMC	Tinker	OK	4	Repair Electrical Distribution Sys .....	4.3
AFMC	Tinker	OK	5	MFH—Improve 76 Units .....	5.2
AETC	Vance	OK	1	Base Engineering Complex .....	9.8
AETC	Vance	OK	2	Consolidated Logistics Complex .....	7.8
AMC	Charleston	SC	1	Dormitory .....	8.2
AMC	Charleston	SC	2	Base Supply Warehouse .....	12.0
AMC	Charleston	SC	3	Family Support Center .....	1.8
AMC	Charleston	SC	4	Airfield Lighting Vault .....	1.2
AFMC	Arnold	TN	1	Upgrade Engine Test Facility Refrig Sys, "C" Plant.	4.7
ACC	Dyess	TX	1	Consolidated Dining Fac .....	6.5
ACC	Dyess	TX	2	Dormitory .....	5.4
AETC	Goodfellow	TX	1	Dormitory .....	5.0
AETC	Goodfellow	TX	2	Add to Child Development Center .....	1.0
AFMC	Kelly	TX	1	Consolidate Security Police Fac .....	4.7
AFMC	Kelly	TX	2	MFH—Improve 91 Units .....	7.0
AETC	Lackland	TX	1	MFH—Replace 30 Units .....	4.3
AETC	Lackland	TX	2	Upgrade Recruit Dormitory .....	6.0
AETC	Lackland	TX	3	Combat Arms Training Fac .....	4.5
AETC	Lackland	TX	4	Working Dog Training Fac .....	3.5
AETC	Laughlin	TX	1	Corrosion Control Facility .....	2.8
AETC	Laughlin	TX	2	Control Tower .....	3.5
AETC	Randolph	TX	1	Base Operations Fac .....	2.2

## FISCAL YEAR 1996 AIR FORCE UNFUNDED REQUIREMENTS—Continued

(In millions of dollars)

Command	Base	State	PRI	Project	PA
AETC .....	Randolph .....	TX	2	Upgrade South Airfield Ramp .....	14.4
AETC .....	Sheppard .....	TX	1	MFH—Replace 74 Units .....	8.2
AETC .....	Sheppard .....	TX	2	Law Center .....	1.4
AETC .....	Sheppard .....	TX	3	Consolidated Logistics Facility, PH2 .....	8.8
AFMC .....	Hill .....	UT	1	Dormitory/Operations Fac, UTR .....	7.7
AFMC .....	Hill .....	UT	2	ADAL Fitness Center .....	4.9
AFMC .....	Hill .....	UT	3	MFH—Improve 80 Units .....	6.8
ACC .....	Langley .....	VA	1	ACC Headquarters (Ph1) .....	4.6
ACC .....	Langley .....	VA	2	Fitness Center .....	6.7
ACC .....	Langley .....	VA	3	Transient Enlisted Dormitory .....	3.8
ACC .....	Langley .....	VA	4	Visiting Officers Quarters .....	4.2
AETC .....	Fairchild .....	WA	1	Logistics Complex .....	4.6
AMC .....	Fairchild .....	WA	1	KC-135 Squadron Operations Fac .....	6.3
AETC .....	Fairchild .....	WA	2	Survival Training Support Complex .....	1.6
AMC .....	Fairchild .....	WA	2	Dormitory .....	5.9
AMC .....	McChord .....	WA	1	Vehicle Maintenance Fac .....	4.3
AFSPC .....	FE Warren .....	WY	1	Child Development Center .....	4.0
USAFE .....	Aviano .....	Italy	1	Consolidated Support Center—"SOUTHERN STANCE".	5.6
USAFE .....	Aviano .....	Italy	2	VQO/QAO—"SOUTHERN STANCE".	8.2
USAFE .....	Incirlik .....	Turkey	1	Consolidated Ed Center/Library .....	2.6
USAFE .....	Incirlik .....	Turkey	2	Transient Dormitory .....	1.8
USAFE .....	Incirlik .....	Turkey	3	Central Security Control Facility .....	2.9
PACAF .....	Andersen .....	Guam	1	Renovate Dormitory .....	8.6
PACAF .....	Andersen .....	Guam	2	MFH—Improve 27 Units <sup>1</sup> .....	3.6
PACAF .....	Kunsan .....	Korea	1	Dormitory .....	5.1
Fiscal year 1996 total.					774.8

<sup>1</sup>Increase to project already programmed for fiscal year 1996.

## ADDITIONAL B-2 FUNDING

**Mr. DORAN.** For the record, why should we NOT pursue additional funding for the following program in future defense budgets: B-2 bomber especially considering our inadequate bomber force to meet the administration's own Bottom-up Review.

**Dr. WIDNALL.** The most extensive heavy bomber requirements study ever undertaken was recently completed and submitted to Congress to satisfy requirements of the FY94 Defense Authorization and Appropriations Acts. The study concluded that 20 B-2, along with the projected B-1 and B-52 fleets, will meet our bomber requirements for two nearly-simultaneous major regional conflicts. Simply put, the Air Force does not have a requirement for additional B-2's and is not pursuing funding for continued B-2 production because it would come at the expense of our recapitalization of our fighter forces, procurement of critically needed airlift forces, expeditious integration of precision weapons on both fighters and bombers, and numerous other sustainment and modernization needs.

## MODERNIZATION

**Mr. SPENCE.** What do you regard as the key elements of your service's modernization program in the fiscal year 1996 budget request? If additional funds were available, what priorities for program increases would you recommend?

**Secretary WEST.** The Army's Modernization Vision focuses on an overall strategy of improving capabilities of the total forces rather than on specific systems. These capabilities are embodied in our modernization objectives permitting the Army to transform itself continually as the world situation, doctrine and technology dictate. This transformation will lead to the objective Army called Force XXI.

Our five modernization objectives provide focus and structure for our Modernization investment strategy. These objectives—Project and Sustain, Protect the Force, Win the Information War, Conduct Precision Strike and Dominate Maneuver—will give us a more versatile and capable force that can dominate military operations across the wide range of missions our Government expects us to execute.

There are any number of key modernization systems that contribute to improving Army capabilities in the future. Three such systems are Comanche. Crusader (Advanced Field Artillery Vehicle/Future Ammunition Re-supply Vehicle (AFAS/FARV)) and Apache Longbow (AH-64D). All are critical on our journey to Force XXI.

In addition, the Army has some serious short-term concerns. Mobility improvements—i.e. trucks—are very important to us. Our fleet is aging rapidly and while trucks are not as glamorous as some of our weapons systems they are critical to the success of a modern army on the battlefield. We also have some shortfalls in conventional ammunition and small arms that we would like to address in the near term.

#### ONGOING CONTINGENCY OPERATIONS

**Mr. SPENCE.** What ongoing contingency operations are expected to still be underway at the beginning of FY 96?

**Secretary WEST.** The following contingency operations will most likely still be ongoing in FY 96:

- Operation PROVIDE COMFORT in Turkey.
- Operation SOUTHERN WATCH in Saudi Arabia.
- Operation PROVIDE PROMISE in the Balkans.
- Operation SEA SIGNAL at Guantanamo Naval Base, Cuba.
- Operation UPHOLD DEMOCRACY in Haiti.
- Operation SAFE BORDER in Peru and Ecuador.
- Operation ABLE SENTRY in Macedonia.
- Operation MULTINATIONAL FORCE OPERATIONS in the Sinai.
- Army support Group in Kuwait.
- Support of the Beirut Air Bridge.
- Operation DENY FLIGHT in Italy.

#### ONGOING CONTINGENCY OPERATIONS COSTS

**Mr. SPENCE.** What are the estimated costs for these operations and how do you plan on paying for them?

**Secretary WEST.** Based on current operational levels, our estimates are as follows: Bosnia: \$40.1 million; Turkey (Provide Comfort): \$3.4 million; Saudi Arabia (Enhanced Southern Watch): \$54.4 million; Cuba: \$43.9 million, for a total of \$141.8 million. In a 27 April 1995 letter addressed to you, Secretary of Defense Perry asked that these costs be included if Congress decides to increase the Department of Defense's budget for fiscal year 1996. If not included in the fiscal year 1996 Budget, we will include these costs in a supplemental appropriation request that will fund these and any other unplanned contingency operations underway during the first quarter of the fiscal year.

#### READINESS REQUIREMENTS FUNDING IMPACTS

**Mr. SPENCE.** What readiness requirements are unfunded or underfunded in the fiscal year (FY) 96 budget, and what are the near-term and long-term readiness impacts?

**Secretary WEST.** Resource decisions during the FY96 budget development resulted in some funding increases to readiness and sustainment, quality of life, base support operations, and ammunition. While these increases covered near-term readiness, these decisions provided only minimal modernization increases to selected programs. The FY96 budget focus on near-term readiness left some program shortfalls across the program years. The most significant of these in modernization and infrastructure revitalization. These shortfalls are being addressed in the FY97-01 program objective memorandum process as we attempt to balance our requirements within a constrained resource environment.

#### AMMUNITION AND SMALL ARMS INDUSTRIAL BASES

**Mr. SPENCE.** The industrial bases for ammunition and small arms appear to be in worse shape than most, with no procurement at all for small arms, and an 80 percent decrease in ammunition requirements. Army and Marine Corps officials have stated that if given additional funds, ammunition procurement would be on the top of their lists.

With the dire state of affairs facing the ammunition and small arms industry, are you confident that there will be ammunition and small arms industrial base capability in the "out years," prepared to restart production when needed?

Secretary WEST. The Army is concerned about the state of its ammunition and small arms industrial bases, and is managing the reduction in size of these bases with care within available resources.

The best method of keep a healthy ammunition industrial base is to continue producing ammunition. Although the ammunition base is shrinking, resources added by the Congress in fiscal year 1995 and funding added by the Department of Defense and the Army to the ammunition account over the program years will stabilize the ammunition industrial base between now and fiscal year 2001. I am confident that there will be a smaller ammunition industrial base capable of restarting production to replenish stocks if needed. I am concerned, however, that without continued modernization of the munitions stockpile, the industrial base will begin to lose the capability to develop and produce munitions that overmatch the threat early in the next century.

Concerning the small arms industrial base, we would prefer to maintain a warm base. Ceasing production only to restart at some later date requires us to fund start-up costs a second time and leaves some units with older or less capable small arms. Nevertheless, sustaining the small arms industrial base at some minimal level of production to meet requirements for later deploying units and inventory to replace losses must be weighed against the alternative use of those funds to procure other items such as tanks, engineer equipment, and howitzers for earlier deploying units. Our Total Obligational Authority does not permit us to pursue everything that we would prefer to support. We must consider all Army missions and, given our resourcing, fund those that are most critical.

#### SMALL ARMS REQUIREMENTS

Mr. SPENCE. Why hasn't the Army funded its acknowledged small arms requirements?

Secretary WEST. We fully understand Congress' intent regarding small arms. Our ability to fix the fiscal year (FY) 96 budget request was severely limited by resource availability. As you can well appreciate, small arms must compete with other Army programs for scarce modernization resources. Our ability to affect FY96 at this juncture is severely limited and we may not be able to fix the small arms program through internal reprogramming.

#### "CRUSADER" ADVANCED FIELD ARTILLERY SYSTEM (AFAS) AND FUTURE AMMUNITION SUPPLY VEHICLE (FARV)

Mr. SPENCE. The Armored Systems Modernization (ASM) program, originally planned to be a family of medium and heavy armored vehicles, has now been reduced to an Advanced Field Artillery System (AFAS) and its Future Ammunition Resupply Vehicle (FARV). The System will replace the M109 Paladin mobile 155mm field artillery system. The Army has placed a high priority on the AFAS to correct artillery range deficiencies noted in operations during the Gulf War. This program appears to be very high risk at this point, both in technology and management. What oversight are you providing to the program? What is your assessment of the AFAS liquid propellant (LP) program?

Secretary WEST. The Army remains committed to the regenerative liquid propellant gun (RLPG) and the liquid propellant (LP) program as the armament system of choice for Crusader. The Army understands the risk associated with this technology and considers the benefits of LP worth the risk.

Seven major critical technology issues remain for Crusader's RLPG and LP program. The issues include ballistic control, material compatibility, breech and seal design, fill flow rate and accuracy, thermal management, ignition, and LP ruggedization. The Army will work with its prime contractor for Crusader, United Defense-Limited Partnership, to retire these issues through a comprehensive component maturation program during the Demonstration and Validation (DEM/VAL) phase of system development.

The Army has divided DEM/VAL into two phases. The phases are separated by a formal in-process review (IPR) co-chaired by the Program Executive Officer for Field Artillery Systems (PEO FAS) and the Commandant of the United States Army Field Artillery School (USAFAS) in fiscal year 1997. The PEO/Commandant IPR will assess the status of RLPG and LP development. The Army's plan calls for a component technology maturation focus until the PEO/Commandant IPR. Following the IPR, the focus of DEM/VAL will shift to address prototype fabrication and system integration issues. Prior to entering the Engineering and Manufacturing Development phase (EMD), the Army and the Office of the Secretary of Defense (OSD) will conduct a Milestone II review during fiscal year 2000.

Should the Army's expectations for RLPG and LP not be met, an acceptable alternative course is being pursued in a solid propellant-based cannon artillery armament system. Although the transition to the back-up system would be an Army decision, it is of such magnitude that it would require the concurrence of OSD. At present, the solid propellant armament system is on a course to provide an alternative to RLPG, if needed.

Additionally, the Army and OSD have formed a senior level integrated product team coordinating council (SLICC) to overwatch Crusader development. The concept of the SLICC is to keep key Army and OSD decisionmakers informed of program progress on a "near real-time basis." The SLICC members will be informed of all major program activities and issues. The SLICC will meet periodically to review program progress and resolve issues.

#### FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS (FFRDCs)

**Mr. SPENCE.** The Defense Science Board just released its report on the value of Federally Funded Research and Development Centers (FFRDCs). FFRDs cost the DoD about \$1.2 billion/year for studies/analyses and other support. Can you tell the Committee the most important issue being studied for your service at the moment?

**Secretary WEST.** The Arroyo Center is the Army's FFRDC for studies and policy analyses and is funded at \$15.8 million for fiscal year 1995. The most important issues being studied by the Arroyo Center for the Army are: Assignment Stability and Readiness; Velocity Management: An Approach for Dramatically Improving Logistics Responsiveness; and Restructuring the Total Army School System. The Arroyo Center is eminently qualified to support the Army. The Army has asked the Arroyo Center to provide comprehensive, credible analytic capabilities in the following four areas:

Force development and technology focuses on maintaining the technological edge, principally by exploiting the information revolution, by shaping modeling tools, and supporting the Army's use of space. The Army requires this program to (a) provide unbiased, independent assessments of new weapons systems; (b) analyze new technologies to support future Army analytical needs; (c) develop strategies for acquiring new systems; (d) analyze technological implications of Army noncombat missions; (e) develop and maintain analytical combat models; and (f) develop and analyze information management technologies.

Manpower and training endeavors to understand and enhance the contribution of Army personnel, their qualities and skills, their preparation for varied missions, and their ability to coordinate actions to produce a coherent operating force. This program is required to (a) quantitatively analyze and test alternative policies and resource mixes; (b) develop and analyze strategies for manning, training, and structuring the future Army; (c) design and understand mechanisms for providing medical support; (d) develop and analyze support services for soldiers and dependents; (e) provide expertise and analysis on accession and retention of quality soldiers; and (f) provide short-term, quick-response personnel with relevant expertise to support critical issues.

Military logistics addresses the issues involved in supporting and providing resources for Army combat units, the logistics system, and the sustaining base. The Army requires the Arroyo Center to (a) analyze and develop support structure changes; (b) design logistics structures to provide support to future contingency operations; (c) evaluate and analyze logistics processes; (d) analyze and model logistics functions to support the future Army; and (e) provide short-term assistance on urgent logistics issues.

Strategy and doctrine focuses on what the dramatically shifting power relationships in the world will mean for future strategic concepts, for security planning, and for the Army's future roles, structure, and doctrine. The Army requires this program to: (a) maintain regional expertise to provide threat assessments involving long-term implications for the Army; (b) provide direction and guidance for the new challenges in defense planning; (c) analyze and develop options to support the Army's future roles and missions; (d) provide insight and focus to deterrence, peacekeeping, and peacemaking, and; (e) provide timely short-term assistance on critical strategic, international, and threat-based issues.

#### FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS (FFRDCs)

**Mr. SPENCE.** Can you give the Committee a feel for the worth of FFRDCs to service missions?

**Secretary WEST.** The Arroyo Center is the Army's FFDRC for studies and policy analyses and is funded at \$15.8 million for fiscal year 1995. As such, its mission and operations is in the field of research parallel the broad range of Army missions

and operations. By virtue of their strategic relationship, the Army turns to the Arroyo Center for specially selected studies and analyses of past, current, and potential future policies across the spectrum of Army missions and operations. The Arroyo Center: (1) furnishes the Army with information and findings derived from analyses of Army technical and policy issues and (2) maintains both a technical and nontechnical capability in a broad range of matters of concern to the Army.

The Arroyo Center provides the Army with sufficient capability to address—through formal studies and analyses—a variety of problems potentially affecting the broad range of Army missions and organizations, including threats, strategy, doctrine, operations, technology, manpower, and resource management. The range of Army missions, operations, and issues far exceeds the limited number of specialized nature of the resources available for Arroyo Center studies and analyses. This requires that the Army decide, at periodic intervals, which problems or issues the Arroyo Center should address as a matter of priorities.

When viewed in terms of this strategic relationship, the mission of the Arroyo Center is to provide objective, independent analytic research on major policy, technical, and management issues that represent mid- to long-term concerns for the Army. The Arroyo Center also provides a balanced, arms-length perspective on current controversial problems while maintaining expertise on and institutional memory about Army operations and policy. It is the in-depth, long-term analysis produced by Arroyo over time that undergirds and makes possible the quick-response analysis that periodically addresses current policy problems.

As a studies and analysis FFRDC, moreover, the Arroyo Center plays a critical role in providing independent analysis that is free from conflict of interest and that helps the Army migrate through the dramatic shifts in post-Cold War international security relationships and defense needs. The Arroyo Center is strategically placed and eminently qualified to cover a broad spectrum of issues, including alternative strategies and structures for a post-Cold War Army, conventional deterrence of Third World opponents, modernizing weapons systems and force structures, improving logistics processes, and planning for uncertainty.

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#### STOCK OF PRECISION GUIDED MUNITIONS

**Mr. HOSTETTLER.** In a report given to Senator McCain earlier this year by retired Service Chiefs it was stated that, and I quote, "Many of the weapons in the Persian Gulf War were precision guided munitions such as Tomahawks, \* \* \* etc. \* \* \* Following the war, a Fiscal Year 1991 Supplemental Appropriations provided \$2.9 billion of the \$6.4 billion requested by the Pentagon for weapons modifications and the replenishment of the missiles, bombs, and ammunition expended during the war." Could you comment on whether our stock of precision guided munitions was ever adequately replenished?"

Secretary WEST. Thanks to Congressional efforts, the Army was able to replenish stocks to all munitions, including precision guided munitions, for losses connected to Operational Desert Shield/Desert Storm. The Fiscal Year 1991 Supplemental Appropriations allowed the Army to replenish the following assets:

System	Losses	Replenished
TOW .....	4303	4500 (TOW2A/2B)
HELLFIRE .....	1592	2684
ATACMS .....	32	55
PATRIOT .....	158	180
MLRS Rockets .....	10572	20286

#### EFFECTS OF CIVILIAN PERSONNEL CEILINGS ON DEPOT MAINTENANCE

Mr. ORTIZ. The Department has accelerated the reduction of civilian personnel to reach end strength ceilings established by the National Performance Review. I hear that these reductions are having an effect on the ability of the services to perform certain functions. I am particularly concerned about this in regards to depot maintenance where there is work to do and funds available, but, because of the personnel ceilings, the workload cannot be performed.

What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

To what extent have the personnel caps led to the transfer of work from civilian employees at the depot to contractor employees, and how has that impacted the cost of maintenance?

To what extent has civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilian employees, and how has that impacted the cost of maintenance?

Secretary WEST. The civilian personnel ceilings, singularly, are not adversely affecting the management and execution of the depot maintenance requirements. It is the multiple constraints of the civilian personnel ceilings and the 60/40 restrictions which are having an adverse impact on the management and execution of depot maintenance requirements. The 60/40 constraints precludes the Army from placing more than 40 percent of the depot maintenance funds made available in a given fiscal year on contract. Therefore, the combined effect is the inability to reduce the Army's depot maintenance backlog.

Due to the 60/40 restriction, organic depot maintenance workload has not been transferred from civilian employees at the depot to contractor employees.

Depot level authorized maintenance is not performed by military personnel.

#### MILITARY CONSTRUCTION

Mr. ORTIZ. We have received the Department's request for military construction for the coming year, but I would be interested in learning of any further military construction requirements that the services may have that have not already been identified, and I would like that provided to my office for the record.

Secretary WEST. There are never enough funds to provide for the large resource requirements of the facilities and infrastructure of the Army. Within the total resources available to the Army, we provide a balanced program that supports readiness. One of the shortfalls in the overall Army budget is in the infrastructure revitalization area. However, funds added to one Army program at the expense of another Army program throws off the delicate balance of the Army budget that is aimed at improving readiness. The Army has submitted for Congressional record a prioritized list of \$3 billion of critical requirements unfunded in the Army's budget. Contained in that list is \$682 million for infrastructure revitalization in the following programs: Barracks Revitalization \$105 million, Family Housing Construction \$180 million, and Real Property Maintenance \$398 million.

#### COMANCHE HELICOPTER FUNDING

Mr. DORAN. For the record, why should we not pursue additional funding for the following programs in future defense budgets: Comanche helicopter, especially after losing an unarmed, unsteady OH-58 helicopter over North Korea?

Secretary WEST. Comanche is funded to sustain a development program in the budget. The Deputy Secretary of Defense directed a \$2.0 billion cut in the Comanche program and stipulated development of two flyable prototypes while deferring production (Program Decision Memorandum IV, 16 December 1994). A result of the funding cuts, the Army was forced to restructure the Comanche program.

The restructured program is executable within the established resource constraints; however, the Initial Operational Capability (IOC) is delayed three years,

from fiscal year (FY) 03 to FY 06. Although, the fully operational armed reconnaissance helicopter would not be available to field units until FY 06, this restructured program provides two flyable prototypes and six early operational capability aircraft with a reconnaissance mission equipment package for field evaluation in FY 02. This is a workable program given our need to balance overall Army requirements in a constrained resource environment.

#### MILITARY PAY RAISE

Mr. DORAN. And finally, for all the secretaries, a larger pay raise that would at minimum stop the military pay gap and at most begin reducing this growing gap.

Secretary WEST. A competitive and equitable compensation package continues to be a high priority with the Army and our soldiers. The military pay gap, as measured by the Employment Cost Index (ECI), is currently 12.6 percent and is of great concern as it will continue to grow without an adjustment of pay. An effort to close the gap, with full funding, would be appreciated.

#### MODERNIZATION ISSUES

Chairman SPENCE. What do you regard as the key elements of your service's modernization program in the FY-96 budget request? If additional funds were available, what priorities for program increases would you recommend?

Secretary DALTON. If additional funds became available for procurement, I would apply the extra funding as follows:

Procure an additional DDG-51 (\$650M) in FY 96.

Procure LPD-17 lead ship (\$974M) in FY 96.

Procure 12 additional F/A-18Cs (\$400M) in FY 96.

#### MILITARY CONSTRUCTION

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Secretary DALTON. The Department's request includes projects for all military construction requirements for the coming year. Projects not identified in the request have been determined to be deferrable with respect to other Department priorities in fiscal year 1996.

#### CONTINGENCY OPERATIONS

Chairman SPENCE. What ongoing contingency operations are expected to still be underway at the beginning of FY 96? What are the estimated costs for these operations and how do you plan on paying for them?

Secretary DALTON. The DoN cannot anticipate what current contingency operations are expected to continue into FY 96. Therefore it is difficult to estimate the costs of these operations or to budget for them. Should current contingency operations continue into FY 96, DoN will submit a supplemental funding request covering these emergent, unbudgeted, requirements to avoid the negative impact on readiness programs.

#### READINESS REQUIREMENTS

Chairman SPENCE. What requirements are unfunded or underfunded in the FY 96 budget, and what are the near-term and long-term readiness impacts?

Secretary DALTON. The DoN FY 96/97 budget request reflects funding required to fully execute planned and approved programs. However, it does not include any funding for contingency operations in FY 96 since it is impossible to estimate the costs of these operations and therefore budget for them. In the event current contingency operations continue into FY96, and no supplemental funding is provided, DoN will be required to cover the costs of these operations by reducing funding for readiness programs. For instance, in FY94, the costs of contingency operations were partially covered by reductions or deferrals in ship maintenance and reductions in flying hour programs. The near term impacts will include significant reductions in ship, aircraft and equipment readiness ratings. In addition, there will be an increase in the costs of corrective maintenance programs. The long term impact of reductions in maintenance will include reductions in ship and equipment life as well as other reductions in readiness programs.

## AMMUNITION AND SMALL ARMS INDUSTRIAL BASE

**Chairman SPENCE.** The industrial bases for ammunition and small arms appear to be in worse shape than most, with no procurement at all for small arms, and an 80% decrease in ammunition requirements. Army and Marine Corps officials have stated that if given additional funds, ammunition procurement would be on the top of their lists.

With the dire state of affairs facing the ammunition and small arms industry, are you confident that there will be ammunition and small arms industry base capability in the "out years", prepared to restart production when needed?

**Secretary DALTON.** The industrial base for most level of effort ammunition, which includes small arms ammunition, is the responsibility of the Single Manager for Conventional Ammunition (SMCA), U.S. Army Armament, Munitions and Chemical Command (AMCCOM), Rock Island, Illinois. However, before deferring this question to the Army, let me assure you the Navy is committed to working with the Army to protect and maintain our industrial base.

## SHIPBUILDING INDUSTRIAL BASE

**Chairman SPENCE.** The Navy's shipbuilding plan for 3 to 4 ships a year is well below numbers necessary to keep pace with modernizing a 346 ship fleet. Moreover, the dwindling military shipbuilding industry, now only six shipyards, faces subsidized foreign competition in trying to reenter the commercial shipbuilding market.

What indications does the Navy have that the shipbuilding industrial base can sustain critical skills and sufficient capacity to meet future national defense needs?

**Secretary DALTON.** The U.S. shipbuilding industrial base is a product of the build-up of Navy force structure in the 1980's coupled with the virtual loss of commercial shipbuilding orders during that same period. Shipbuilding sector "downsizing" will continue over the next several years due to declining Navy requirements.

Current available capacity in the U.S. shipbuilding industry will meet military requirements through 2001. Forecasted Department of the Navy shipbuilding requirements are insufficient to sustain the shipbuilding base as it exists today. A healthy, responsive, cost-effective domestic shipbuilding industry requires commercial, not just Navy, workload.

Specialized shipyards and vendors which produce nuclear-powered submarines, aircraft carriers, nuclear and other highly specialized components are of particular concern. The most difficult shipbuilding and industrial base problem facing the Navy today is maintaining the design and production capability of nuclear components and nuclear nuclear-powered submarines.

Numerous studies on this issue converged on the following: (1) the need of a national commitment to long term stable low-rate SSN production to sustain the submarine and nuclear components industrial base; and (2) a Fiscal Year 1998 lead New Attack Submarine start, together with authorization of a "bridge" SSN, is the most cost-effective approach to maintaining U.S. submarine design capability and industrial base.

To meet this challenge the Navy plans construction of a "bridge" submarine, SSN 23, in Fiscal Year 1996, and the low-rate production of the New Attack Submarine, beginning in Fiscal Year 1998. Navy's plan will preserve the industrial base for submarines and nuclear components, and enable transition to an affordable, capable, and flexible SSN fleet.

The recent contract award for CVN 76 has positively impacted the nuclear aircraft carrier shipbuilding industrial base. This contract, coupled with a series of Refueling Overhauls scheduled to start in Fiscal Year 1998 at the same shipyard, will enable the Navy to meet operational requirements while sustaining essential skills and facilities at the shipyard into the next century.

Navy non-nuclear shipbuilding programs have provided a business base for shipyards to modernize their facilities to help them compete for commercial shipbuilding. The surface combatant shipbuilding program has enabled the shipbuilders to enhance their design proficiency by developing highly sophisticated modeling and simulation capabilities. The Sealift Ship program has fostered development of skills which are transferable to commercial shipbuilding.

The Department of the Navy fully supports President Clinton's comprehensive plan—Strengthening America's Shipyards: A Plan for Competing in the International Market—which was submitted to Congress in October 1993 and has provided a "jump start" for the industry. One of the key elements of the plan was the enhancement of the Title XI loan guarantee program, which has provided the necessary capital for shipyards to modernize their facilities and has attracted ship operators to build commercial ships in U.S. shipyards. Another program that will help U.S. shipyards is the maritime Technology Program or Maritech. This program fa-

cilitates the sharing of technology between shipyards and vendors and should enhance ship production.

#### FFRDCS

**Chairman SPENCE.** The Defense Science Board just released its report on the value of Federally Funded Research and Development Centers (FFRDCs). FFRDCs cost the DOD about \$1.2B/year for studies/analysis and other support. Can you tell the Committee the most important issue being studied for your service at the moment? Can you give the Committee a feel for the worth of FFRDCs to service missions?

**Secretary DALTON.** The Department of the Navy (DoN) spends only ten percent (or \$120 million) of the \$1.2 billion that DOD spends on FFRDCs. Of that \$120 million, less than \$50 million goes to the only FFRDC that we sponsor, the Center for Naval Analyses (CNA).

CNA assists the DoN in operating as efficiently as possible in an era of declining budgets. CNA provided the analytical foundation for DoN inputs to the last two rounds of the base closure process. Also, CNA analysts have helped find dollar savings through streamlining the shore establishment, utilization of the private sector, and improving calculation of spare-parts requirements. Recent CNA work on aviation spare-parts allowances has helped the Navy reduce its cost per carrier air wing without degrading readiness. Finally, CNA's studies of major acquisition programs, such as Cost and Operational Effectiveness Analysis (COEA) reviews, have often helped discover ways to do more with less. Two recent examples, CNA's work on the Tomahawk Baseline Improvement Program and the sizing of the Combat Logistics Force resulted in reducing producing procurement and operating costs.

CNA's primary mission is to provide the DoN with an independent, authoritative source of research and analysis that is focused upon the major present and future needs and issues of the Navy and Marine Corps. One of CNA's strongest assets is current operational realism, which they gain from extensive field experience. Approximately 20 percent of CNA's research program is dedicated to providing on-site, objective analysis to operational commanders world-wide and at sea. Through a system of rotational tours to the field, CNA analysts are able to infuse their work at CNA's Washington headquarters with the operational realism they obtained through hands-on exposure to the Fleet. As such, one of the most important contributions CNA makes to the DoN is its on-scene support to operational commanders in response to world crises.

The DoN considers CNA absolutely critical in meeting our mission.

**Mr. WELDON.** The Defense Science Board just released its report on the value of Federally Funded Research and Development Centers (FFRDCs). FFRDCs cost the DOD about \$1.2B/year for studies/analysis and other support. Can each of the service Secretaries tell the Committee the most important issue being studied for their service at the moment? Can you give the Committee a feel for the worth of FFRDCs to service missions?

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#### FORCE STRUCTURE

Mr. HOSTETTLER. I recently received "Force 2001, A Program Guide to the U.S. Navy, Edition '95" which was published by the Deputy Chief of Naval Operations and according to Admiral Boorda's preface is intended to be a synopsis of the Navy's Strategic Vision. I was disturbed to read in the section on Force Structure, and I quote from page 17, "Projected naval force structure is inadequate for today's level of operations".

Do you agree with this statement, and, if so, what do you see as inadequate in the protected naval force structure? If you do not agree with this statement, why do you not?

Secretary DALTON. There is no question that the Navy has been unable to fund near term ship and aircraft procurement at the rates needed to sustain a robust force structure beyond the FYDP and meet today's level of commitments without exceeding Navy goals for the amount of time each crew must spend at sea. Our FY96 budget was a necessary compromise in which we had to slip ship and aircraft procurement schedules in order to address some very immediate and pressing readiness and quality of life issues. However, we recognize that this downward procurement trend of the last few years cannot continue and have already addressed this issue by programming increased amounts for ship construction and aircraft procurement in the later years of the FYDP. As long as future defense spending remains stable and meets current topline assumptions, and as long as we are able to continue realizing savings from force structure reductions, then we will ultimately meet the force structure requirements of the 21st century.

#### PRECISION GUIDED MUNITIONS

Mr. HOSTETTLER. In a report to Senator McCain earlier this year by retired Service Chiefs it was stated that, and I quote, "Many of the weapons in the Persian Gulf War were precision guided munition such as Tomahawks \* \* \* etc. \* \* \* Following the war, a FY1991 supplemental appropriation provided \$2.9 billion of the \$6.4 billion requested by the Pentagon for weapons modifications and the replenishment of the missiles, bombs, and ammunition expended during the war." Could you comment on whether our stock of precision guided munitions was ever adequately replenished?

Secretary DALTON. Our stock of precision guided munitions was adequately replenished to compensate for expenditures during the Persian Gulf War. Procurements and modifications under the supplemental appropriation were used to replace the expended weapons, or in cases where the weapons were no longer in production, to procure weapons with similar or improved capability.

#### DEPOT MAINTENANCE

The Department has accelerated reduction of civilian personnel to reach endstrength ceilings established by the National Performance Review. These reductions are having an effect on the services' ability to perform certain functions. I am particularly concerned about this in regards to depot maintenance, where there is work to do and funds available, but, because of personnel ceilings, the workload cannot be performed.

Chairman SPENCE. What effect are civilian personnel ceilings having on the management and execution of depot maintenance requirements?

Secretary DALTON. The Department is currently executing the budget under a statutorily imposed full time equivalent workyear ceiling. The only management flexibility available under this control to accommodate emergent workload is through the use of overtime or contracting out, both of which can be more costly, less safe, and/or less effective than hiring temporary workers. As a general rule, more flexibility to adjust the work force and production levels during execution is preferable. Navy managers constantly balance resources to accomplish emergent workload while minimizing the need to initiate adverse personnel actions which are costly and disruptive to ongoing programs. For example, Congress provided an additional \$57 million in FY 95 specifically to reduce Marine Corps' Desert Storm backlog. To accomplish the additional funded workload and remain within budgeted FTE levels, a portion of this plus-up has been contracted out. At the organic depots, this has required increased overtime levels which must be closely monitored to ensure safety and efficiency.

**Chairman SPENCE.** To what extent have personnel caps led to the transfer of work from civilian employees at the depot to contractor employees, and how has that impacted the cost of maintenance?

**Secretary DALTON.** Implementation of FTE controls began in FY 95. With the exception of the Marine Corps work discussed above, no significant transfer of work from civilians to contractors has been reported by our activities as a result of FTE controls. However, Navy's major depot maintenance activities are in a state of transition as a result of the planned closures of three shipyards and three aviation depots. The migration of residual functions could require the use of contractors to perform emergent depot maintenance workload. It is also worth noting that Navy budgets reflect savings where efficiencies can be achieved through out-sourcing. For a number of years, Navy manpower efficiency programs have studied functional areas that can be performed more efficiently and cost-effectively either by streamlining in-house staffing or by contracting out.

**Chairman SPENCE.** To what extent has civilian downsizing led to the assignment of military personnel to accomplish work formerly done by civilian employees, and how has that impacted the cost of the maintenance?

**Secretary DALTON.** The Department has downsized both its military and civilian personnel. Within that downsizing effort, military personnel have not been substituted for civilian employees in depot maintenance functions.

**Chairman SPENCE.** How have personnel ceilings impacted the ability of the services to comply with the National Performance Review?

**Secretary DALTON.** While FTE controls have reduced managerial flexibility during budget execution, FTE controls have not been a factor in achieving civilian reductions directed in the National Performance Review. Navy's budget reflects civilian levels appropriately sized for the funded readiness and readiness related programs they support. Prior to workyear controls, during the FY 1985 through FY 1994 period, Navy successfully executed mission requirements while downsizing by 25 percent. Navy civilian levels continue to decline in direct mission and mission support functions and overhead functions such as budget, acquisition and personnel management, etc., as a result of management efficiency savings, force structure downsizing, and savings resulting from Base Realignment and Closure decisions initiated prior to the establishment of FTE controls.

#### ADDITIONAL FUNDING

**Mr. DORNAN.** For the record, why should we not pursue additional funding for the following program(s) in future defense budgets: Sea-based ballistic missile defense, especially considering the huge investment we've already made in Aegis ships.

**Secretary DALTON.** The CNO, Commandant and I have all stated that there is an urgent need for sea-based TBMD and that our first priority is the rapid fielding of the Navy Area capability. For many crisis response scenarios, Navy ships, with their AEGIS systems, may be the only means available in theater to defend U.S. forces from the growing theater missile threat. In addition, the Navy Area TBMD capability is critical to supporting littoral warfare. It will provide the nation's only forcible entry capability in the face of TBM attack.

The Bottom-Up Review (BUR) determination that included Navy Upper Tier as an integral element still stands. The BUR decided that the Patriot PAC-3, THAAD, Navy Area program and Navy Theater Wide program should all be funded as major acquisition programs. At that time, Boost Phase Interceptor was deferred and a startup on CORPSAM was delayed until FY98. This assumed a FYDP budget for BMDO of \$18B. When BMDO's budget was further reduced, the entire \$1B was taken from Navy's Theater-Wide Program.

The rationale for Navy Theater Wide and the decisions made during the BUR make as much sense now as they did then. Naval TBMD can provide the greatest capability for the least cost, and it can do so sooner. The Navy Theater Wide capability is a good example of a program approved by the BUR that is currently unfunded. With additional funding, an initial Navy Theater Wide TBMD capability could be deployed by the year 2000. Without additional funding, a Theater Wide Capability will not be achieved in this decade.

#### ANNUAL PAY RAISE/PAY GAP

**Mr. DORNAN.** Why should we not pursue additional funding for a larger pay raise that would at minimum stop the military pay gap and at most begin reducing this growing gap?

**Secretary DALTON.** Secretary Perry has a Presidential commitment to authorize the "maximum" annual pay raises allowed by law for the rest of this century. To pursue additional funding would require a change to the Federal Employees' Pay

Comparability Act, which limited Federal civilian and military pay raises to Employment Cost Index (ECI) minus 0.5%.

With respect to the mechanism used to measure pay comparability, the House Budget Committee and others have recently questioned whether ECI is the best measure, or even a very effective measure, on which to base military pay increases. The Eighth Quadrennial Review of Military Compensation (QRMIC), meeting now and due to report their findings next summer, is looking into the utility of ECI and other possible indices on which to base an accurate and more relevant value for the total military compensation package. While the 12.6% pay gap indicated by the ECI may not be completely accurate, a pay gap does exist. Any additional funding for a larger pay raise or to increase other pays and allowance would have a very positive effect on morale—and subsequently on quality retention—similar to results from the "catch-up" pay raises in 1980 and 1981.

## **H.R. 1530—FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT, ACQUISITION REFORM**

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**HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
*Washington, DC, Wednesday, August 2, 1995.***

The committee met, pursuant to notice, at 10:03 a.m., in room 2118, Rayburn House Office Building, Hon. Floyd Spence (chairman of the committee) presiding.

### **OPENING STATEMENT OF HON. FLOYD D. SPENCE, A REPRESENTATIVE FROM SOUTH CAROLINA, CHAIRMAN, COMMITTEE ON NATIONAL SECURITY**

The CHAIRMAN. The meeting will please come to order. We have a slack attendance this morning because of people in other committees, but they will be coming in and we need to get started because some of our witnesses have to catch planes out of town.

Today the committee will receive testimony on the issue of reforming the Federal acquisition system. We are fortunate to have with us this morning a number of witnesses that are extremely knowledgeable on this very complex subject. They bring a mix of practical experience, theoretical analysis, and policy responsibility that should provide us with the appropriate broad perspective on acquisition reform.

The witnesses will be organized in three panels. The first is comprised of two expert private witnesses; the second of two senior Clinton administration witnesses; and the third of two witnesses from the defense industry representing both large and small businesses.

It seems that as long as I have been on this committee we have discussed and debated how to reform the acquisition process. During my tenure here, I have witnessed several rounds of reform, only to watch yesterday's reforms become today's problems which, in turn, require more reform.

To say that things are different today is tempting because we are living through a changing set of political and budgetary circumstances. However, the imperative and motivation to reform the system remain the same, to save the American taxpayer money in the way we buy goods and services for the Government.

Last year, working with Mr. Dellums and other members, we were successful in enacting important legislation to move the system in the direction of the commercial sector and away from costly Government-unique procedures. This year we are trying to pick up where we left off. I believe that a fundamental shift away from the system of Government-unique procedures and requirements de-

signed to accomplish many different things, except saving money, is long overdue.

Nowhere is this imperative as urgent as in the Department of Defense. While Congress has provided a modest increase to the defense budget, it certainly will not meet the budgetary shortfalls facing our military. Therefore, we have no choice but to aggressively find savings from within the established budgets.

We took some strong steps in this direction with structural reforms taken in the fiscal year 1996 defense authorization bill adopted by the House a few weeks ago. We must follow up on these measures with desperately needed procedural reforms if we are to realize the necessary savings in the years ahead.

I believe that the fundamental challenge on this issue involves adopting reforms that will require an increased risk of fraud and abuse. On its face, this may not be a politically correct statement, but such a risk is part of the cost of doing business, whether in the private or public sector, and is certainly a more acceptable cost than the concurrent practice of spending \$2 in administrative overhead to generate \$1 of savings.

Our objective must be to strike a more reasonable balance between the cost of the current rigid procedures designed to minimize abuse and the benefits derived from a more flexible system, where smart people are allowed to make smart decisions on behalf of all American taxpayers.

As you know, Chairman Bill Clinger and I are sponsoring legislation in the House, H.R. 1670, that we believe moves in this direction. The Government Reform and Oversight Committee reported this legislation out of committee last week. While the route this legislation takes remains to be seen, it is my hope that working with Mr. Dellums and all members of this committee we can bring significant acquisition reform legislation to the floor in the near future.

Let me remind the committee that we have a full schedule today and that it is the Chair's intention to adhere to the 5-minute rule in recognizing members for questioning. I would also ask our witnesses today to briefly summarize their statements and submit their written statements for inclusion in the record of the hearing.

Before I turn to the witnesses, Mr. Dellums is not here. I will recognize Mr. Skelton for any opening remarks he would like to make.

**Mr. SKELTON.** The ranking minority member, Mr. Dellums, will be here shortly is my understanding. But, Mr. Chairman, with your permission, I would read his statement.

PREPARED STATEMENT OF HON. RONALD V. DELLUMS, A REPRESENTATIVE FROM CALIFORNIA, RANKING MINORITY MEMBER, COMMITTEE ON NATIONAL SECURITY

I wish to join you in welcoming our distinguished slate of expert witnesses this morning. Because of our concerns about the process, I also want to thank you for today's hearing. H.R. 1670, the Federal Acquisition Reform Act of 1995, has been sequentially referred and is now under consideration by this committee. It is an important piece of legislation because it significantly impacts who can participate in the Federal acquisition process and the procedure for right redress. And while I agree with the stated intent of the legislation, I have concerns that the legislation before us may not achieve those goals.

First, it is not clear that the taxpayer will be better off if we restrict competition in an effort to reduce administrative costs to the Government of Federal contracting.

Indeed, reduced competition may reduce administrative costs, but lead to significantly higher total acquisition costs for the Government. Therefore, I want to know if H.R. 1670 increases or decreases opportunities and barriers for entry into DOD contracting.

Second, I am not convinced that we understand the unintended consequences of H.R. 1670. For example, are we setting the stage for increased litigation of Federal contracts? Is that not counter to the intent of reform or worse? Are we increasing the risk of fraud or abuse?

Finally I am concerned that there is no genuine consensus on H.R. 1670. I note that there are unresolved concerns among the committees of jurisdiction in titles I and IV, and industry, while vocally supportive of titles II and III, have been definitely silent about titles I and IV.

I hope our witnesses can speak to these concerns and I look forward to the testimony.

Mr. Chairman, if I may add a personal footnote to this. In legislation, particularly Mr. Chairman, complex legislation, and also where we find ourselves sequentially referring and two committees are working together, I think we should really crawl before we walk because there is always the unanticipated consequences which you and I have seen through the years. So I hope we can, as this rolls forward, our particular committee can dot the I's and cross the T's and look at it very, very closely.

That is my personal footnote for you.

The CHAIRMAN. I appreciate the gentleman's comments.

Our first panel today is comprised of two expert witnesses that will help us to frame the discussion which is to follow. We will first hear from Mr. Philip Howard, renowned author of the bestselling book, "The Death of Common Sense," an outspoken critic of the current Government acquisition process.

Joining Mr. Howard will be Mr. Marshall Doke, a procurement attorney with extensive experience on Federal procurement law, and president-elect, the Board of Governors of the United States Court of Federal Claims Bar Association.

I welcome you both to the committee.

Mr. Howard, please proceed.

#### **STATEMENT OF PHILIP K. HOWARD, HOWARD, DARBY & LEVIN, NEW YORK, NY**

Mr. HOWARD. Thank you, Mr. Chairman, Mr. Skelton.

I appreciate the opportunity to appear before the committee today and I appear before you to advocate not merely an overhaul of the system, but to change the basic assumptions on which the Government spends money.

I believe that the issue before this committee is one of the highest priorities for this country in this year of historic budgetary crisis. At a time when Congress is considering cutting programs for the elderly, for children, for night hours to libraries I believe that how Government spends money will receive a level of attention it has never received before.

And when Americans who are not involved in Government contracting see how the Government spends money, what they will see is a formalistic, formulaic system in which it takes years to accomplish the simplest tasks; where the words used to describe this system, full and open competition, complete objectivity, fairness, and other words, in fact, mask exactly the opposite type of system; where, in the name of competition, it serves a process which more

closely resembles the Soviet system of central planning and works about as efficiently.

This system is built on one seed and it is a seed not merely of distrust, but of paranoia against human judgment. My basic message today is that if you do not leave to humans a significant measure of latitude to use their judgment, they will always squander money because they will not have the flexibility to think for themselves, which is not a question of trusting them because I believe you can hold people accountable, but you have to leave them room to think for themselves.

I would like to divert, for 1 second, and talk about how goods and services are bought in commerce in this country. I am a business lawyer. I have no interest in the procurement system, as such, but I do have significant contacts with business and I am a businessman myself, having started a successful business in New York City.

What happens in the real world when businesses want to buy goods and services is that they investigate who would be good bidders. The principal characteristics they look at are reputation and past performance. They then, usually, have a form of bidding but it is not full and open competition to the world; it is limited bidding. Because if it is open to the world, good vendors will not participate because the chances of getting the bid are too small.

So that, for example, in a typical contracting job the bid is usually open to three, four, five, maybe six bidders, almost never more bidders than that. You want enough bids to get competition and have a good cross section of the market place. Thereafter, there is give-and-take. Specifications are important but they are not nearly as important as the give-and-take in the process.

You always change what you thought you were going to buy in the real world because the people you are dealing with, the vendors, all have different ideas about what makes sense, and often their ideas add significant value.

Recently the Federal Communications Commission in a contract, at the suggestion of the White House, tried a radical experiment. Their experiment was to ask the bidders to suggest their own specifications if they thought they had a better idea. This was a contract for transceivers. What happened was that one of the bidders came in with an idea that did the same job at 28 percent of the cost, accomplished in half the time.

That is the kind of efficiency that is missing from this current system, solely as a result of the notion that specifications must be cast in iron in advance. And then at the end of the process in the commercial world, an award is based on all factors. Often it is price, but often it is based on an overall qualitative judgment about who would be the best vendor in these circumstances. And as in all human activities, there is necessarily a subjective element and judgment required at each one of these steps.

The Government contracting system, by contrast, its explicit purpose is designed to ban human judgment. In an effort to avoid any human judgment at any level of this we have erected a Rube Goldberg machine that is now over 6,000 pages of rules and regulations. It squanders money wherever it turns. The amount of money involved is huge, \$200 billion for the Federal Government direct

spending, another \$80 billion in block grants for things like highways to the States.

In the reforms last year by this Congress with the White House to buy commercial products, we began to get an idea of how much money could be saved if you did not have the current assumptions. Long underwear now costs \$6.95 instead of \$10.22 because it was permitted to be purchased as a commercial item out of a catalog. Duffle bags cost \$2 instead of \$6.

This system is supposedly, the Government contracting system, designed to be open to all bidders. All of this fairness is designed to bring people in so that the Government will get the best price. It has exactly the opposite effect. Most reputable businesses or many reputable businesses will not touch Government work with a 10-foot pole because the legalisms and the forms and the years of delay drive ordinary businessmen away from the process. I have a very prominent computer software company as a client who has told me they will do anything to avoid Government work. Half, 5 out of the 10 leading semiconductor companies in this country refuse categorically to do business with the Federal Government.

There are various rules designed to make contracts attractive to small business and much is said about helping the small businesses of this country. In fact, all these rules are nearly an insurmountable barrier to entry to small businesses. No small business involved in regular commerce could ever do business with the Government because the forms are too complex and no part of the process has any relationship to ordinary commercial idioms. The small businesses who do business are those who have basically grown up, like algae, around Government and do business only with Government.

Give-and-take, there is virtually no give-and-take in Government contracting because that would not be fair. There is the idea of protests. The real world, if I rent a car from Avis, Hertz is not allowed to sue me because I made the wrong judgment. It is my judgment as to how I wish to spend my money.

The idea of protest, again, is supposed to serve the idea of fairness to all bidders. In fact, what it does is it changes what should be the power of bureaucrats to negotiate hard to give taxpayers the best price, and it turns that dynamic on its head so that bureaucrats, contracting officials have to spend their entire time trying to prove that they were fair. So they are always apologizing to the people they are supposed to be negotiating hard against.

Does this guarantee that Government gets the best price? No. It guarantees pretty much that Government gets the worst price.

The result, as every study has shown, is waste on the order, depending on who you believe, of 20 to 40 percent of the taxpayer revenue. When you apply that to the \$280 billion of Federal funds that go through contracting, if you apply the higher number that would solve half the annual deficit of this country. If you look at simply the small set-asides and what the effect of those are, you get even more stark financial effects.

Several weeks ago Boeing came to the Department of Defense and offered to reduce the price of one spare parts contract by \$32 million. The only catch was that it no longer had to go through the charade of pretending to comply with cargo-preference rules—rules

that say that all components must have come on U.S. ships—when no international business can possibly comply with those rules.

And so what Boeing and other companies do is that they go through elaborate inner-company transfers, just legal footwork, so that they can certify at the end of the road that the product being sold did not come, at least not very directly, from a foreign country.

That is \$32 million that is being wasted. And by the way, since the cargo preference rules have been put in, they have had, apparently, no effect. U.S. shipping has declined from something like 25 percent to 4 percent.

Mr. HUNTER. Just clarification, is that American-made components or cargo preference, which is a different thing? That is who carries it.

Mr. HOWARD. No, no, cargo preference. It is not American-made components as I understand it, it is cargo preference for foreign components in products being sold to the United States Government.

The small business set aside, a recent audit by the Houston Veterans Administration Laboratory showed that, on average, it was spending almost 50 percent more for the same products as the lab at Baylor University down the road. A similar study by the National Institute of Health, this year, showed that it was spending, depending on the product, between 30 percent and 193 percent more than comparable products in labs in the Washington, DC area. That is the level of waste that we are dealing with.

Briefly, what is the alternative? The alternative is to go to a system that resembles real competition in the real world instead of grinding every small decision through this Rube Goldberg machine. What it means is to give people responsibility.

One of the great ironies of this system is that it is built up in an effort to avoid irresponsible decisions so no one has the power or authority to make judgments. And what it has accomplished in trying to avoid irresponsible decisions is the death of responsibility. And without responsibility, you cannot hold people accountable.

Who is to blame for this system that churns up tens of billions of dollars every year? No one. Because you cannot blame anyone, it is the system that makes all these stupid judgments. How do you hold them accountable? If you spend one-tenth of the money on spot audits—that is now spent on grinding through forms and procedures which some of the other witnesses will describe to you today—one-tenth of the money would have 10 times the audit, effective audit function that we have in this country today.

That is how IBM does it. It has no more, its contracting officers have no different incentive than the contracting officer of the Government. IBM checks on them. You should check on them. There is no reason to trust them but you have got to allow the people to think for themselves.

And if Government, unlike IBM, has an interest in spreading the work around—whether it is the small businesses, minorities, or just, in general to spread the work around—it is easy to do that looking at an agency's overall contracting system but you cannot do it contract-by-contract.

In order to have a reasonable commercially-big contract you have to limit the number of bidders. You cannot make it be open to the

world. If, on the next contract, you wish to look at different people, in the interest of spreading the work around, then the contracting officers can be directed to do that, but it must be limited.

All around the country, in this room, the business leaders who I know and who I am now beginning actively to talk to about this issue, contracting professionals know the truth of what I am talking about. Any one who has been involved in this process, anyone who has spent days with contracting officials, as I have watching what they do hour-after-hour, knows that this system might as well have been designed simply to waste taxpayer money and get nothing in return.

This rigid branch will break. It will break soon because this country cannot afford to waste the money this way when it needs it to educate underprivileged children, to provide for welfare, to pay back the deficit and the numerous other goals that this country needs at this point. So I urge this committee to take a leadership role in removing this heavy weight from the country instead of letting it eventually break on its own accord.

Thank you, very much.

The CHAIRMAN. Thank you, Mr. Howard.

Mr. Doke, we would be pleased to hear from you.

#### **STATEMENT OF MARSHALL J. DOKE, JR., MCKENNA & CUNEO, DALLAS, TX**

Mr. DOKE. Thank you, Mr. Chairman.

I have submitted biographical information for the record and my written statement, I just want to make it clear that my statements and oral remarks today reflect my personal opinion and not my law firm or necessarily any organization to which I belong.

The CHAIRMAN. Understood.

Mr. DOKE. I want, first, to mention some of the most important differences between commercial contracts and Government contracts. And the first is sovereignty. One party to the contract is sovereign and that is extremely important in the relationship, beginning with sovereign immunity. You do not have remedies against the Government that you do in the commercial world. You can sue the Government only if, where, and to the extent that the Government permits you to.

That also leads to official immunity which means that Government employees are simply not liable for their personal actions. You cannot sue them. They can lie, cheat, and steal and you have no personal action.

I had an actual case a couple of years ago where a Government employee, a Government auditor perjured himself on the witness stand and tampered with evidence and we brought suit just on a breach of contract case to try to recover our legal fees. And we were told we could not recover because the Government had not waived sovereign immunity for that.

Another is the authority of Government representatives. In the commercial world, the president of a company can sign a contract and it is binding on the corporation even if the board of directors has instructed him not to do so the day before; not with the Government. The Government is bound only by the actual authority

that has represented it. And those who deal with those representatives are bound at their peril to know that authority.

Socioeconomic laws and provisions and I will come back to that in a minute. Disputes. In every Government contract there is a disputes clause that says if the Government disagrees with you or you with the Government, you have to submit that to the contracting officer for a decision. Think for a minute. That is one party to the contract. Compare what would happen if you had a contract between Texas Instruments and General Motors and it said any dispute will be decided by the president of General Motors. Yes; you can appeal but to other Government employees or judges or administrative judges.

In addition, there is no such thing as stopping work when you are performing against the Government. That is the biggest self-help remedy in the commercial world. If the other party to the contract is not performing its obligations, you shut it down, stop work. You cannot do that with the Government because even if you have a perfect right to what you are doing, if you stop work you are in breach of contract and can be terminated.

Cost accounting standards, allowable costs. You can have perfectly good costs that are deductible for tax purposes but they cannot be allowed against Government contracts.

Termination for convenience. In the commercial world, if I cancel a contract, I am liable for the entire profit the other party would make if he had been able to complete the contract. Not so with the Government. The Government does not have to pay those profits.

Perhaps the most important difference though, between commercial contracts and Government contracts is competition. My principle message today is that if you really want to make major reforms in the procurement system and save billions of taxpayer's dollars, you should adopt legislation that will improve the competition in Government contracting, rather than reducing or limiting.

I want to first mention two straw men that are always raised by people who are critical of our system. The first straw man relates to the horror stories about excessive costs of items purchased by the Government, and the toilet seat and the hammer and other things are typical examples. And let me add, practically nearly every major commercial corporation could tell you horror stories from their purchasing departments, too.

But the reason this is a straw man is that these horror stories are not caused by procurement procedures generally or by competition requirements, specifically. Procurement procedures and regulations do not determine what the Government buys. The using agencies, the requirements people do that by specifying the products or services, and specifications are statements of work.

By analogy, our military fights wars. But they do not determine what wars to fight. The civilians do that. Therefore, I respectfully suggest that you should separate the issue of what the Government buys from the issue of how the Government buys products or services.

Congress could really reform the system and save billions of taxpayer dollars by adopting statutory requirements for reviews and procedures and audits to ensure that Government does not buy

more than it needs. There currently is no law, regulation, or procedure that even addresses that problem.

We need training for people that write specifications and statements of work. Every one has heard the old advice that you should never ask a barber if you need a haircut. Well, when Federal agencies have the discretion to specify what they want, they nearly always can justify reasons for getting the very best.

And by the way you often hear Government officials say, well, we cannot use sealed bidding, where competition is on price alone, because low price is low quality. That simply is not true. Every one has heard the statement, how would you like to go to the Moon on a rocket built by the low bidder? But that is misleading because low price does not necessarily mean low quality.

For example, if you are buying gold and specify 98 percent purity, price is irrelevant to the quality you get. The key to quality is specifying what you want, inspecting it to make sure it complies, and rejecting it if you do not get it. So specifications and statements of work are critical.

Now, the second straw man you often hear is that Government contracts have too many burdensome terms and conditions that prevent the commercial suppliers from competing. Here, again, this problem mostly relates to the baggage that the Government contracts carry because of socioeconomic requirements that have nothing to do with equal competition or efficient procurement procedures. And examples include the Truth In Negotiations Act, examination of records, Cargo Preference Act, small and disadvantaged businesses, affirmative action requirements, wage and hour legal requirements, the Buy American Act, cost accounting standards. These are imposed by law. And they and others may all be good social policy but they are provisions that many commercial contractors simply are unwilling to accept.

My point is that merely that reducing competition requirements may not change or reduce these burdensome and costly socioeconomic terms and conditions. That is a separate task that is unrelated to the procedures in competition.

Now, with regard to competition there are only three types of contracts awarded by the Government. The first is sealed bidding, initiated by an invitation for bid. The second is competitive negotiation, initiated by a request for proposal. And the third is non-competitive negotiation which is beyond the scope of our discussion today.

But the distinguishing feature of sealed bidding is that competition is on price alone, or price-related factors: The low bidder gets the contract. But in order to use that system you have got to have adequate specifications so you can have competition on price alone. In many State and local governments that is the only permissible way to buy. This is actually the most efficient form of competition. Unfortunately, it cannot be used if the Government cannot describe what it wants.

Under the method of competitive negotiation, which is what I really want to discuss today, the Government can evaluate proposals by considering factors other than price and the Government is not required to award to the person submitting the low price.

A typical evaluation factor, in addition to price, includes corporate capability, corporate experience, financial capability, key personnel, management, quality control, technical approach, and many, many other different evaluation factors that are used every day in competitive negotiation. There are provisions in the Federal acquisition regulations that specifies what evaluation factors can be used, how many can be used, what standards are proper for grading under individual evaluation factors or what relative importance the agency can attach to individual evaluation factors.

Government agencies have almost unlimited discretion in selecting what evaluation factors they will use. And they merely have to show there is some reasonable relationship for their needs. Agencies can score management and technical 90 percent and cost 10 percent or vice versa. And that decision is almost impossible to challenge.

So it is obvious when experience, financial resources, and key personnel are rated higher than cost, the winner usually is going to have a higher price, with newer companies, particularly with small business with less experience and financial resources excluded.

Now, the Government's use of these procedures, since the Competition in Contracting Act of 1984, has seriously eroded competition that is intended by that act. The Federal agencies report they are using competition, but their procedures do not result in true competition.

Many of you have heard of the expression imitation marble and imitation jewelry as faux marble or faux jewelry. Well, I call a lot of our competition faux competition because it is not competition as you and I understand the word. In many cases, the Government today uses the cafeteria selection method of products or services. They make their source selection decisions like you and I do when we go down the cafeteria line—they wait to decide what to eat until they see what is being offered.

And because of the way the Government can structure these procurements, Government evaluators often defer deciding what they want until after proposals are submitted.

Now, let me explain how and why this occurs and give you the reasons I use the term faux competition, and most often it is caused by the discretion that our procurement officials have.

First, the Government does not have to disclose its evaluation plan to competitors who will be submitting proposals to the Government. Although the relative importance of evaluation factors must be disclosed the precise scoring method does not have to be revealed, and the failure to disclose the method has an obvious and adverse effect.

By analogy to football, it is like having a tie game, one play left and not knowing how many points you will get if you score by running the ball, by passing it or kicking a field goal. Competitors do not know how many points will be awarded for various aspects of their proposal.

Another reason we have full competition is that the Government often fails to disclose all evaluation factors or subfactors it considers when evaluating proposals. Congress has required, on several occasions, that all evaluation factors and significant subfactors be

disclosed. The decisions of the Comptroller General have emasculated that requirement by saying that any factor that is encompassed by or related to an evaluation does not have to be disclosed. Well, the error in that logic is that under that reasoning no evaluation subfactor would have to be disclosed because, by definition, a subfactor is encompassed by or related to a primary factor.

It seems obvious, to me, the Government would get better and more responsive proposals by disclosing the evaluation plan and the scoring system. That is the best way to let people know what you want is to tell them how you are going to score their proposal.

Another problem is the Government's use of subjective evaluation factors which also prevents true competition. The more subjective the factor is the more discretion is given to the Government to rate something higher or lower and that often relates to the Government paying a higher price.

Subjective evaluation factors are the primary reason that I refer to the cafeteria selection method because the Government can decide what it wants subjectively by waiting to see what is offered.

Now, here is some of the subjective factors that are used to grade a proposal which will justify a higher price: creative or innovative, though, visionary approaches; academic credibility. My written statement discusses evaluations of proposals based on factors I do not believe the Government could apply to itself.

For example, employee dressing-grooming standards, employee conduct and attire, availability of contractor conference room space, popup dispensers for paper towels, subsidized hot meals and beverages for employees, even employees political views. Now, you realize that when you have those factors, the Government pays a higher price to companies whose employees dress better than other employees, that subsidizes the meals, or that have more conference room space.

A fourth cause of full competition is the Government's use of a responsibility type of evaluation factors. In Government contracting the contracting officer must find that a bidder or offeror is responsible before he can legally award the contract. That means the contracting officer must find the contractor has the ability and will to perform the contract satisfactorily. But in competition negotiation, the Government also can grade proposals by comparing the various competitors in areas such as financial capability, facilities, equipment, staffing, and corporate experience. Now, the reason that the use of those factors undermine competition is that competitors have no way of knowing how much is enough financial, facilities, or equipment. Is it really worth spending the time and money to prepare a proposal to the Government? How much more will the Government pay for services to a contractor with 100 years of experience over someone with 10 years of experience? And that is an actual case. Are the additional years worth the higher price?

The fifth obstacle is the Government's practice of awarding additional evaluation points for exceeding the Government's requirements as set forth in the specs and statement of work. How can competitors know what they are competing for or against if the Government gives additional points for offering more than it asks for? How much more does the Government want, at what level of quality or performance? Will additional points no longer be award-

ed? And a more serious policy issue is how can you justify the Government buying more than it needs?

I believe there are serious legal issues with the practice. We have had a minimum needs doctrine for over 100 years that says the Government can only buy what it needs, what it wants. Our procurement law says specifications should only relate to what it needs.

But the problem is the Comptroller General uniformly defers to the Agency's discretion or determination of its own needs, if there is any justification at all for specifying a requirement. In this area, alone, reform could save billions of dollars by requiring procedures and audits to ensure that the Government only buys what it needs.

A sixth reason we do not have real competition is that medium- and small-sized businesses are effectively excluded by the Government's use of these undisclosed evaluation plans, undisclosed evaluation factors, responsibility-type factors. Medium- and small-sized businesses simply cannot compete, if their experience and financial condition and facilities are compared with the corporate giants of the world. These small businesses should not be excluded if they can and will perform satisfactorily which a contracting officer must find before it can award a contract. And it is difficult for me to understand how anyone can argue we have real competition under circumstances where many eligible players are excluded from competition.

And the final circumstance which often prevents true competition is the absence of rules and standards or enforcement of our competition system. Agencies are not required even to follow their own evaluation plan, even when it is not disclosed. The qualifications of Government evaluators are not subject to challenge. The evaluator's point scores or recommendations are not binding on the source selection official. Source selection officials have such wide discretion now that they are upheld if there is any rational basis to support the decision. How can you have real competition when even the undisclosed subjective rules are not enforced?

Proposals to limit the bid protest system will reduce competition even more. Under the present system a protest will be sustained only if the Government has violated a law or a regulation. To me it is hard to justify awarding a contract when the agency has violated a law or a regulation. And if there are delays in the procurement process caused by bid protest, then the Government should spend more time and money training its people to get it right the first time.

Let me close by saying there is no better or more efficient way to expose violations of law, fraud, sexual harassment by procurement officials, and other improprieties in our procurement system than our bid protest system than our bid protest system. The cover story in USA Today, today, is that cheating is pervasive in our economy. The competitors are the most qualified people to police this system. An army of auditors or inspector generals and FBI investigators could not do as good a job. The competitors know the products, the services, the Government buyers and the other competitors. That is knowledge that simply would never be obtained under any other system.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Doke follows:]

**STATEMENT**  
OF  
**MARSHALL J. DOKE, JR.**  
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Before the  
Committee on National Security  
U. S. House of Representatives

Regarding H.R. 1670, the "Federal Acquisition Reform Act of 1995,"  
as reported by the House Committee on Government Reform and Oversight  
on July 27, 1995

August 2, 1995

## STATEMENT OF MARSHALL J. DOKE, JR.

I am pleased to have the opportunity to provide my views to the Committee regarding the competition requirements in government contracting. These remarks reflect minor updating and revisions to my article on this subject published last month; namely, *Competition Requirements in Public Contracting: The Myth of Full and Open Competition*, 64 Federal Contracts Report No. 3 (Special Supplement July 17, 1995). This statement reflects my personal opinions and does not necessarily reflect the views of my law firm or any professional organization to which I belong.

### Introduction

The most fundamental difference between government contracting and contracts between private parties may be the legal requirement for competition in public contracting. Individuals and private businesses may contract with whom, for whatever, and in any manner they choose. The private sector may *choose* to obtain some formal or informal competition in purchasing products or services, but there is no legal requirement to do so. Since there is no such requirement, there is no "penalty" for failing to use competitive procedures or for using them improperly. Most non-governmental buyers may make any or all purchases on a sole source basis (even from family members), buy more than they need or can afford, and even accept whatever gifts, entertainment, or "kickbacks" a vendor may offer.

Like private individuals and businesses, "the Government enjoys the unrestricted power to produce its own supplies, to determine those with whom it will deal, and to fix the terms and conditions upon which it will make needed purchases."<sup>1</sup> However, as Mr. Justice Holmes said, the Government needs the protection of publicity and form in order to prevent possible fraud upon it by officers.<sup>2</sup> Congress, as incident to its power to authorize and enforce contracts, may require that they be carried out only in a way consistent with its views of public policy.<sup>3</sup>

One of the earliest and most basic "protections" adopted by the Government in public contracting was the requirement for competition. As discussed below, Congress has required the use of competition in public contracting for nearly 200 years. There also is a long history of executive agencies resisting the competition requirements. As stated by the House Committee on Government Operations, government officials often seek to limit the number of vendors that can compete:

This tactic undermines the Federal procurement system and results in excessive costs to the taxpayer. There is, unfortunately, a general attitude pervasive throughout the government that expanding the competitive base for government procurement is too costly, burdensome, and disruptive to agency activities. While the use of competition may not be considered worthwhile by some officials, it is the only way for the government to obtain the best products for the best prices.<sup>4</sup>

Competition is not a procurement *procedure* but an *objective*, which a procedure is designed to attain.<sup>5</sup> Executive agencies convinced Congress in 1984 that competition could be increased by *relaxing* competitive procedures. These relaxed procedures (putting competitive proposals on a par with sealed bids) have, in many cases, undermined the true goals of competition by allowing contracts to be awarded to higher-priced offerors based on undisclosed rating systems for multiple and subjective evaluation factors such as aesthetics, corporate capability, employment policies, innovativeness, oral presentations, risk, understanding requirements, etc. The increase of discretion in evaluation caused by the subjective evaluation criteria has led to increased bid protests by competitors attempting to learn what rules were applied and why the discretion was exercised to their prejudice.

Since competition is an objective and not a procedure, the goal of competition should be applicable to all products and services acquired by the Government. This means that the goal of competition is not inconsistent with the acquisition of commercial products. Some of the Government's current procurement policies (such as access to records, requirements for cost or pricing data, rights to technical data, etc.) and procedures (specifications, statements of work, inspections) may be impediments to purchasing commercial products, but a requirement for competition is not. The increased acquisition of commercial products will need different *rules* of competition, but the products can be acquired competitively nonetheless.

The bill currently under consideration, H.R. 1670, originally would have changed the statutory requirement for "full and open competition" to a requirement only for "maximum practicable competition." After markup, the bill reported by the Committee on Government Reform and Oversight on July 27, 1995, would require "open access" but only to the extent that it is "consistent with the need to efficiently fulfill the Government's requirements." Limiting competition for purposes of "efficiency" was considered and rejected when this issue was last before Congress in 1984.

The reform effort in H.R. 1670 is well-intentioned, and procurement reform is needed. However, reducing competition is attacking symptoms of the wrong disease. The real disease is the acquisition culture that evades and abuses the procurement system. Reform efforts should concentrate on *improving* competition in ways that will result in

efficiencies, provide opportunities for small businesses to participate, and lower costs to the taxpayers. These remarks review the background of, and current requirements for, full and open competition in government contracting. The serious erosion of the competition requirements, and some of the major causes for such erosion, also will be discussed. For procurement reform to be substantial and effective, these clear problem areas should be addressed by this Committee.

## Background

### Purposes and Benefits of Competition

The basic purposes of competition in public contracting are to obtain lower prices and avoid fraud, favoritism, and abuse.

The purpose of these statutes and regulations is to give all persons equal right to compete for Government contracts; to prevent unjust favoritism, or collusion or fraud in the letting of contracts for the purchase of supplies; and thus to secure for the Government the benefits which arise from competition. In furtherance of such purpose, invitations and specifications must be such as to permit competitors to compete on a common basis. Conditions or limitations which have no reasonable relation to the actual needs of the service and which are designed to limit bidding to one of several sources of supply are interdicted, and render the award of a contract made in such circumstances voidable.<sup>6</sup>

In order to achieve the purpose of competitive bidding by government agencies, it is necessary to eliminate or limit the *discretion* of contracting officials in areas that are susceptible to abuses, such as fraud, favoritism, improvidence, and extravagance.<sup>7</sup>

In addition to ensuring that a procurement is open to all responsible suppliers, competition is intended to provide the Government with the opportunity to receive fair and reasonable prices.<sup>8</sup> Reports from the House and Senate Committees considering the Competition in Contracting Act of 1984<sup>9</sup> estimated the savings from competition at between 15 and 70 percent per procurement.<sup>10</sup> Some 20 years earlier, the Department of Defense reported to Congress that its studies showed "that each dollar spent under price competition buys at least 25 percent more."<sup>11</sup> One year later, Secretary of Defense Robert S. McNamara told Congress:

Failure to use competition more extensively in Defense procurement in the past has not only resulted in higher prices, but has also deprived us of the benefits of a broader industrial base among suppliers, both large and small.<sup>12</sup>

The benefit of competition both to the Government and to the public in terms of price and other factors is directly proportional to the extent of competition.<sup>13</sup>

The legislative history of the Competition in Contracting Act identified other benefits of competition; namely, curbing cost growth, promoting innovative and technical changes, and increasing product quality and reliability.<sup>14</sup>

The last, and possibly the most important, benefit of competition is its inherent appeal of "fair play." Competition maintains the integrity in the expenditure of public funds by ensuring that government contracts are awarded on the basis of merit rather than favoritism.<sup>15</sup>

### **History of Competition Requirements**

During the Revolutionary War, government purchasing was characterized by sharp practices, profiteering, and kickbacks; over the years, competition and sealed bidding were adopted to combat fraud and abuse.<sup>16</sup> Congress established the requirement for competition in contracting, with formal advertising as the preferred method, in 1809.<sup>17</sup> Various other statutes requiring formal advertising were enacted between 1809 and 1861, when the law requiring advertising for *all* purchases and contracts for supplies or services (except personal services) was enacted.<sup>18</sup> This law, which later became Section 3709 of the Revised Statutes,<sup>19</sup> was the principal government procurement statute until World War II.

Section 3709 did not expressly describe the scope of required competition. The "advertising" method itself suggests unlimited competition. The statute implied, therefore, the broadest possible scope of competition. The Comptroller General referred to the scope of required competition as "full and free" competition<sup>20</sup> and "full and open" competition.<sup>21</sup> He said every effort should be made to "permit the broadest field of competition."<sup>22</sup> As stated in a Department of Defense procurement presentation to the Procurement Subcommittee of the Senate Committee on Armed Services in 1960:

Section 3709, Revised Statutes, contemplates that in purchasing for Government needs the *widest competition possible* be had, and that all qualified persons be given opportunity to compete. To confine invitations to bid [to] a comparative few of those in position to supply the needs of the Government is not in compliance with the statute.

(Emphasis added.)<sup>23</sup>

At the beginning of World War II, Congress gave the President emergency authority to enter into contracts and modifications of contracts without regard to other

provisions of law based upon findings that such actions would facilitate the prosecution of the war.<sup>24</sup> This emergency authority expired at the end of the war. The subject of peacetime procurement was considered by the Procurement Policy Board of the War Production Board, which was composed of representatives of the various contracting agencies. This resulted in a recommendation for new legislation to permit the use of negotiation "rather than the rigid limitations of formal advertising, bid and award procedures."<sup>25</sup> This recommendation resulted in the Armed Services Procurement Act of 1947, which contained a general requirement for advertising for bids but permitted negotiation in 17 exceptions contained in Section 2(c) of the law.<sup>26</sup>

Section 3(a) of the Armed Services Procurement Act stated that, whenever advertising is required:

The advertisement for bids shall be a sufficient time previous to the purchase or contract, and specifications and invitations for bids shall permit such *full and free competition* as is consistent with the procurement of types of supplies and services necessary to meet the requirements of the agency concerned.

(Emphasis added.)<sup>27</sup> There was no discussion or explanation of the phrase "full and free competition" in the reports accompanying the legislation. For some unexplained reason, the phrase was changed to "free and full competition" when the law was codified as 10 U.S.C. § 2305.<sup>28</sup> In recommending the legislation, Congress was told:

The War and Navy Departments firmly support the principle that, in peacetime, competitive bidding should be the ordinary method of procurement. The primary purpose of the bill is to permit the War and Navy Departments to award contracts by negotiation in those exceptional cases where the national defense or sound business judgment dictates the use of negotiation rather than the rigid limitations of formal advertising, bid and award procedures.<sup>29</sup>

The legislative history states that the purpose of the Armed Services Procurement Act was to "return to normal purchasing procedures through the advertising-bid method on the part of the armed services."<sup>30</sup> The statutory requirement in formal advertising for "such full and free competition as is consistent with the procurement" also was included in Section 303(a) of the Federal Property and Administrative Services Act of 1949,<sup>31</sup> which was applicable to civilian agencies and which contained 15 exceptions permitting negotiation.

#### **Current Competition Requirements**

In the years following enactment of the Armed Services Procurement Act and the Federal Property and Administrative Services Act, negotiation became less the exception and more the rule. By 1960, negotiation accounted for 85% of all federal contract dollars

and, as a result, the Armed Services Procurement Act was amended in 1962 to encourage the use of formal advertising and to obtain more competition in negotiated procurements.<sup>32</sup> Based on its continued concern over the use of noncompetitive procedures, the Senate Committee on Governmental Affairs held hearings in 1982 at which the consensus of the witnesses was that "competition in government contracting may be the requirement, but not the practice."<sup>33</sup> Congress responded with the Competition in Contracting Act of 1984 ("CICA"), the objective of which was to "establish an absolute preference for competition."<sup>34</sup>

The CICA amended the Federal Property and Administrative Services Act to require that, with certain exceptions, civilian agencies use "full and open competition through the use of competitive procedures."<sup>35</sup> The CICA also amended the Armed Services Procurement Act to require (also with exceptions) that bids and proposals be solicited "in a manner designed to achieve full and open competition for the procurement."<sup>36</sup> The CICA amended both laws to permit "restrictive provisions or conditions" but only to the extent necessary to satisfy the needs of the agency or as authorized by law.<sup>37</sup> The Conference Committee said this and other provisions were included "in order to maximize, rather than limit, competition."<sup>38</sup>

The Senate provisions leading to CICA had used "effective" competition as the standard for awarding contracts (*i.e.*, a marketplace condition resulting from the receipt of two or more independently submitted bids or proposals).<sup>39</sup> The House-Senate Conference Committee, however, substituted the "full and open competition" standard, stating:

The conference substitute uses "full and open" competition as the required standard for awarding contracts in order to emphasize that all responsible sources are permitted to submit bids or proposals for a proposed procurement. The conferees strongly believe that the procurement process should be open to all capable contractors who want to do business with the Government. The conferees do not intend, however, to change the long-standing practice in which contractor responsibility is determined by the agency after offers are received.<sup>40</sup>

The phrase "full and open competition" was defined in CICA to mean that "all responsible sources are permitted to submit sealed bids or competitive proposals," and the phrase "competitive procedures" was defined to mean "procedures under which an agency enters into a contract pursuant to full and open competition."<sup>41</sup>

The strong congressional policy favoring competition also was reflected by the CICA provision establishing a "competition advocate" in all executive agencies with the specific responsibility for challenging barriers to and promoting full and open competition in the procurement of property and services.<sup>42</sup> This strong policy has been inter-

preted as requiring agencies to satisfy more stringent requirements than previously had been the case in order to enter into contracts using other than full and open competition.<sup>43</sup>

### **Exceptions to Competition Requirements**

There are nine exceptions to the requirement for full and open competition that are listed here to illustrate the current flexibility in government acquisitions. The first seven are stated expressly in the CICA, the eighth is implied by the CICA, and the last is derived from case law.

**1. Limited Sources** — Full and open competition is not required when property or services are available from one source and no other type of supplies or services will satisfy the agency's needs.<sup>44</sup> Since 1987, the Department of Defense, National Aeronautics and Space Administration, and the Coast Guard can use this exception if the property or services are available only from "a limited number of responsible sources."<sup>45</sup> This authority may be used in certain cases for contracts based on unsolicited research proposals and follow-on contracts for a major system or highly specialized equipment.<sup>46</sup>

**2. Urgency** — Full and open competition is not required when an agency's need for property or services "is of such an unusual and compelling urgency that the Government would be seriously injured unless the agency is permitted to limit the number of sources from which it solicits bids or proposals."<sup>47</sup> Agencies using this exception, however, must request offers from as many potential sources as practical.<sup>48</sup> An urgency justification does not support the procurement of more than a minimum quantity needed to satisfy the immediate urgent requirement and should not continue for more than a minimum time.<sup>49</sup> Further, urgency may justify award of a contract but not the inclusion of contract options.<sup>50</sup>

**3. Industrial Capability and Availability** — Another exception is available to award contracts to maintain the availability of a facility, producer, manufacturer, or supplier in case of a national emergency or to achieve industrial mobilization or to establish or maintain an essential engineering, research, or development capability to be provided by an educational or other nonprofit institution or a federally-funded research and development center.<sup>51</sup>

**4. International Agreements** — Full and open competition is not required when an international agreement or treaty, or the written direction of a foreign government reimbursing the agency for the cost of the procurement, has the effect of precluding full and open competition.<sup>52</sup> This is the authority used for foreign military sales (FMS) under the Arms Export Control Act.<sup>53</sup>

**5. Authorized or Required by Law** — If a statute "expressly" authorizes or requires that the acquisition be made through another agency or from a specified source,

or if a brand-name commercial item is needed for authorized resale, full and open competition is not required.<sup>54</sup> This authority is used for awards under the Small Business Act's Section 8(a) program, purchases from the Federal Prison Industries, nonprofit agencies for the blind or severely handicapped, and government printing and binding.<sup>55</sup>

**6. National Security** — Full and open competition need not be utilized when the disclosure of the agency's needs would compromise the national security unless the agency is permitted to limit the number of sources from which it solicits bids or proposals.<sup>56</sup> Agencies relying on this exception are required to solicit as many sources as practicable, and classified procurements should be competed among all contractors having proper security clearances.<sup>57</sup>

**7. Public Interest** — The head of an agency may determine that it is not in the public interest to utilize full and open competition for a particular procurement, but Congress must be notified not less than 30 days before award.<sup>58</sup> This exception was not in the House or Senate versions of CICA but was added by the Conference Committee.<sup>59</sup>

**8. Small Purchases** — An implied exemption from full and open competition is contained in the CICA provision requiring "special simplified procedures" for small purchases and stating that, for these procedures, the agency shall "promote competition to the maximum extent practicable."<sup>60</sup>

**9. Reprocurement Contracts** — The Comptroller General has held consistently that, when a repprocurement is for the account of a defaulted contractor, the procurement statutes and regulations governing regular procurements are not strictly applicable, but competition should be obtained to "the maximum extent practicable."<sup>61</sup>

## Basic Competition Requirements

### Overview

Congress historically has established *goals* of competition and described general *methods* of obtaining competition (e.g., advance planning, market research, formal advertising, sealed bids, competitive proposals) but has left the specific requirements and "rules" of competition to the Executive Branch. The legislative history of both the Armed Services Procurement Act and the Federal Property and Administrative Services Act stated that Congress felt it unusual and unnecessary to prescribe detailed and restrictive requirements that could be dealt with appropriately by administrative regulations.<sup>62</sup> As discussed below, there have been a few "rules" added to the laws in recent years.

No real attempts have been made to evaluate the essential requirements of "competition." Certain elements or rules have been identified by the Comptroller General on a case-by-case basis, and some of these are included in the "rules" for sealed bidding<sup>63</sup>

and competitive proposals<sup>64</sup> in the Federal Acquisition Regulation. When the Senate's version of the Competition in Contracting Act used "effective competition" as the standard (as opposed to "full and open competition," which was substituted by the House-Senate Conference Committee), the Senate Report said it was not amenable to rigid definition:

Although "effective competition" is not amenable to rigid definition, a description is important to establish the thrust of the legislation and the rationale for many of its provisions. Five components characterize "effective competition": (1) the information required to respond to a public need is made available to prospective contractors in a timely fashion; (2) the government and contractor act independently; (3) two or more contractors act independently to respond to a public need by offering property or services which meet that need; (4) the government has expressed its need in a manner which promotes competition; and (5) there is no bias or favoritism, other than required by law, in the contract award.<sup>65</sup>

The Conference Committee substituted "full and open" competition to emphasize that *all* responsible sources should be permitted to submit bids or proposals.<sup>66</sup>

#### Maximize Competition

There is one clear description from Congress of the scope of competition mandated by law — the *maximum possible* competition. This is clear from the legislative history of CICA,<sup>67</sup> the implementing procurement regulations,<sup>68</sup> and the bid protest cases interpreting the law and regulations.<sup>69</sup> The Comptroller General has stated that it is a "general rule of federal procurement" that specifications should be drafted in such a manner that "competition is maximized" unless a restrictive requirement is necessary to meet the Government's minimum needs.<sup>70</sup> The CICA imposes a clear requirement that agencies undertake an *affirmative effort* to maximize competition.<sup>71</sup> The one limitation on the scope of competition required is the CICA provision permitting restrictive provisions or conditions but only to the extent to satisfy the needs of the agency or as authorized by law.<sup>72</sup>

One result of the requirement to maximize competition is that all offerors must be considered, and no responsible source can be *excluded* from the competition without justification.<sup>73</sup> The Comptroller General frequently has stated that he will give careful scrutiny to an allegation that someone has been denied the opportunity to compete for a particular contract.<sup>74</sup>

The requirement to consider all responsible sources does not require an agency to delay a procurement until a particular vendor is able to compete. The requirement for full and open competition does not mean "that an agency must delay satisfying its own needs

in order to allow a vendor time to develop the ability to meet the Government's requirements.<sup>75</sup> One reason there is no such requirement is that the law defines a "responsible source" as a prospective contractor who is able to comply with the required or proposed delivery or performance schedule.<sup>76</sup>

### **Rules of Competition**

One of the most basic requirements of *any* type of competition (sports, cards, artistic awards, etc.) is that there be rules and that the rules be enforced. Even in business and social relationships, there are "unwritten" rules to which people must conform in order to remain included in the group or avoid "penalties." As the type of competition becomes more sophisticated and the "stakes" grow larger, it is increasingly important that the rules of competition be adequately defined and uniformly enforced. When this does not occur, many participants simply drop out of the competition.

In government contracting, there is a natural conflict between the desires of potential contractors and those of the Government. Potential contractors want very specific information regarding the Government's requirements and the rules of competition in order to decide whether or not to expend the time and effort, and incur the cost, of engaging in the competition. Government agencies pay lip service to competition, but the actual users of supplies or services usually would prefer no competition at all and always chafe at the rules and "red tape" of procurement procedures. The government users usually know the vendor they want or prefer, and describing their requirements adequately for competition in specifications or statements of work often is not a high priority (and, unfortunately, the technical people who do write the descriptions usually are not on a career fast track). Specifications "written around" the product of a particular vendor are frequently developed. It also is amazing that every federal, state, or local government employee who "splits" a requirement to get below a specified dollar threshold for full competition thinks he or she is the first person ever to think of the technique.

One of the most basic principles of federal procurement law is that specifications must be sufficiently definite and free from ambiguity so as to permit competition on a common basis.<sup>77</sup> If specifications are ambiguous, competitors interpret them differently and, therefore, their bids or proposals are not comparable because their offers are made on a different basis.<sup>78</sup> *Indefinite* specifications also preclude real competition:

If bidders are invited to offer equipment varying from the specifications to some undefined extent, the bidders may loosely be said to be in a position of equality in that each may offer what he chooses, but there is totally lacking any basis for bidders to know what they are bidding for or against.<sup>79</sup>

These principles also are implied by the statutory requirement that agencies specify their needs and develop specifications in a manner that permits full and open competition.<sup>80</sup>

Even in acquiring commercial products, an agency is obligated to describe the item in a way that identifies the agency's needs with sufficient detail and clarity so that all vendors have a common understanding of what is required under the contract in order that they can compete intelligently on a relatively equal basis.<sup>81</sup>

Another fundamental rule of competitive procurements is that all offerors must compete on a common basis. Each competitor has the right to assume that the essential requirements of the solicitation are the same for all bidders or offerors.<sup>82</sup> Competing on an equal basis encompasses the notion that vendors bid on the same terms, conditions, and specifications.<sup>83</sup> When an agency relaxes its requirements, either before or after receipt of proposals, it must issue a written amendment to notify all offerors of the changed requirements.<sup>84</sup> The statutory requirement that bids and proposals shall be evaluated, and awards made, solely on the factors specified in the solicitation<sup>85</sup> also reflects this concept. Also, an evaluation that incorporates more or less than the work that actually will be awarded fails to comply with the requirement for full and open competition.<sup>86</sup> These rules mean, essentially, that everyone should have an equal opportunity to compete for award of the contract.<sup>87</sup>

The procurement statutes also now include "rules" requiring that all evaluation factors and subfactors, and the relative importance assigned to each, be included in solicitations for sealed bids and competitive proposals.<sup>88</sup> A new requirement in the Federal Acquisition Streamlining Act of 1994 requires that requests for proposals disclose whether all evaluation factors (other than cost or price), when combined, are significantly more important, approximately equal to, or significantly less important than cost or price.<sup>89</sup> The statutes include a few very general provisions for opening bids, evaluating bids and proposals, and awarding contracts.<sup>90</sup>

Perhaps the most important rule of government contract competition is that the Government must deal fairly and honestly with all offerors competing for federal contracts.<sup>91</sup> One decision expressed this rule as a requirement that vendors receive impartial, fair, and equitable treatment.<sup>92</sup>

#### Adequacy of Competition

The legislative history of CICA suggests the test for full and open competition is whether all qualified vendors are allowed and encouraged to submit offers and a sufficient number of offers is received to ensure that the Government's requirements are filled at the lowest possible cost.<sup>93</sup> The propriety of a particular procurement rests upon whether adequate competition and reasonable prices were received by the Government. In this connection, the Comptroller General has said regarding the exclusion of competitors:

An agency has satisfied CICA's full and open competition requirement when it makes a diligent good-faith effort to comply with the statutory and regulatory requirements regarding notice of the pro-

curement and distribution of solicitation materials, and it obtains a reasonable price.<sup>94</sup>

The test is whether a fair and reasonable price is obtained in response to the solicitation and not whether a lower price could be obtained if one or more competitors were given another chance.<sup>95</sup>

### Permissible Restrictions on Competition

#### General Authority

In addition to the statutory *exceptions* to the requirement for full and open competition discussed above, agencies may include restrictive provisions or conditions in their solicitations even where full and open competition is required to the extent necessary to satisfy the agency's needs.<sup>96</sup> One bid protest decision stated that all procurements involve inherent limits on competition because the use of performance or design specifications is, by definition, restrictive; therefore, the real rule is that specifications cannot be *unreasonably* restrictive.<sup>97</sup> The right to impose reasonable restrictions under the advertising requirements of Section 3709 was recognized as early as 1895 by the Comptroller of the Treasury, who said that, if the specialized supplies could not be obtained from ordinary dealers, it was permissible to "provide in the advertisement for such supplies that proposals will be limited to the class of people competent to furnish the character of articles required."<sup>98</sup> Where a solicitation includes requirements that restrict the ability of offerors to compete, the agency must have a reasonable basis for imposing the restrictive requirements.<sup>99</sup>

When a solicitation is challenged as being unduly restrictive of competition, it is the procuring agency's responsibility to establish that the specification requirement is reasonably necessary to meet its minimum needs.<sup>100</sup> In such cases, the Comptroller General reviews the record to determine whether the requirement has been justified. The adequacy of the agency's justification is ascertained by evaluating whether the agency's explanation is reasonable; *i.e.*, whether it can withstand logical scrutiny.<sup>101</sup> Stated another way, the issue is whether the restriction is "rationally premised and reasonable."<sup>102</sup>

The Comptroller General does not weigh the advantages and disadvantages of the agency's chosen approach; his sole concern is whether the restrictions are reasonably necessary to meet the agency's minimum needs.<sup>103</sup> The Comptroller General has recognized that avoiding significant unnecessary delays or avoiding unnecessary duplication of costs may justify restrictions on competition.<sup>104</sup> If a rational explanation is not provided, however, the provision will be held unduly restrictive.<sup>105</sup> The remainder of this section will discuss major categories of circumstances in which restrictions on competition have been justified.

### Approved Products

The procurement regulations describe three types of product prequalification that may be used to restrict competition in connection with solicitations for products; namely, qualified bidders list (QBL), qualified manufacturers list (QML), and qualified products list (QPL).<sup>106</sup> These involve the pre-testing of a product to demonstrate compliance with a specification requirement (which is not a responsibility issue of ability or capacity of an offeror requiring referral to the Small Business Administration if the product is not qualified).<sup>107</sup>

A procuring agency may limit competition for the supply of parts if doing so is necessary to ensure the safe, dependable, and effective operation of equipment.<sup>108</sup> Such restrictions are permissible where doing so is necessary to ensure the procurement of satisfactory end products or the maintenance of a high level of quality and reliability necessitated by the critical application of a product.<sup>109</sup> The Comptroller General will, however, even review use of a QPL to determine whether the restriction is reasonable.<sup>110</sup>

There are special statutory requirements that must be followed if qualification requirements are imposed.<sup>111</sup> Agencies must provide offerors with a prompt opportunity to demonstrate their qualifications.<sup>112</sup> This includes informing potential offerors of the requirements that must be satisfied in order to become qualified.<sup>113</sup> The agency also must ensure that an offeror is promptly informed as to whether qualification has been attained and, if not, promptly furnish specific information why qualification was not attained.<sup>114</sup> An agency's failure to act upon a request for approval within a reasonable time deprives the offeror of a reasonable chance to compete and, therefore, is inconsistent with the CICA's mandate for full and open competition.<sup>115</sup> However, an agency is not required to delay a procurement in order to provide a potential offeror an opportunity to become approved.<sup>116</sup>

### Bonding Requirements

Although bonding requirements may result in a restriction of competition, an agency may impose bonding requirements in appropriate circumstances as a necessary and proper means to secure fulfillment of the contractor's obligations.<sup>117</sup> As a general rule, agencies are admonished against the use of bonding requirements in nonconstruction contracts, but the use of bonding is permissible where needed to protect the Government's interests.<sup>118</sup> In reviewing challenges to bond requirements, the Comptroller General will look only to see if they are reasonable and imposed in good faith.<sup>119</sup> One area where the requirement frequently has been justified is where the agency states that the continuous operation of services is absolutely necessary.<sup>120</sup> Bonding requirements have been approved regardless of whether the agency's rationale comes within the four reasons for a performance bond articulated in FAR § 28.103-2(a).<sup>121</sup> The restriction on competition

may be justified even where small business concerns<sup>122</sup> and small disadvantaged businesses<sup>123</sup> may be excluded from competition because they are unable to obtain bonds.

### Bundling and Total Package Procurements

Solicitations that combine or integrate separate, multiple requirements into a single contract are called bundled, consolidated, or total package procurements.<sup>124</sup> Such procurements have the potential for restricting competition by excluding firms that can furnish only a portion of the requirement.<sup>125</sup> Therefore, the Comptroller General will object to such procurements where a bundled contract or total package does not appear necessary to satisfy the agency's minimum needs.<sup>126</sup>

One justification frequently used to consolidate requirements into a total package is the "single contractor" argument. Bundling has been upheld where a single contractor was required to ensure the effective coordination and integration of interrelated tasks or where procurement by means of separate acquisitions would involve undue technical risk or would defeat a requirement for interchangeability and compatibility.<sup>127</sup> Another example is where there is a need for a single prime contractor to be responsible for all phases of design, development, and testing.<sup>128</sup> A single contractor approach for the upgrade of a jet engine was justified on the basis that the Government's buying, storing, and issuing parts on an individualized basis would require excessive effort and would jeopardize the schedule and flow of engines through the government depot facility.<sup>129</sup> A single contractor approach also was upheld to ensure the effective coordination and integration of interrelated tasks, including the timely availability of components.<sup>130</sup> The Air Force even supported the need to integrate landscaping and construction requirements into one procurement to allow for "efficient and economical processing of the contract work."<sup>131</sup>

An agency's minimum needs include the need to procure supplies and services on the most cost-effective basis, and the possibility of avoiding unnecessary duplication of costs may justify consolidating several requirements under a total package approach.<sup>132</sup> An agency's decision to procure under a total package approach was upheld in the absence of evidence that the approach did not ensure the most cost-effective method of procuring the items and when, in doing so, the agency avoided unnecessary administrative costs.<sup>133</sup> In appropriate circumstances, the agency's staffing resources can and should be properly considered in fashioning contracts that will satisfy the Government's minimum requirements at the lowest reasonable cost.<sup>134</sup> On the other hand, concern about incurring additional costs can only justify restrictions on competition in unusual circumstances, the existence of which must be clearly demonstrated. Generally, where an agency concludes that having separate contractors may lead to additional costs, the proper course is not to restrict competition but, rather, to structure the solicitation evaluation criteria so as to take all costs into account.<sup>135</sup> However, in one case, the small size of an agency's contracting staff was held to justify the agency's combining electronic systems maintenance and operation, refuse collection, and janitorial services.<sup>136</sup>

Other reasons used to justify bundling requirements include the need to ensure military readiness,<sup>137</sup> to avoid unacceptable periods of downtime for an emergency communications system during an upgrade and expansion effort,<sup>138</sup> and a need to combine educational services to provide for low enrollment areas and to provide for a complete program.<sup>139</sup> An agency should consider minor adjustments to its bundling of purchases if a protester shows that the structure of the package reduces competition and that it may cost the agency more money than the package will save because of the reduced competition.<sup>140</sup>

### **Contractor Qualifications**

The prequalification of *offerors*, as opposed to the prequalification of *products*, generally results in an unwarranted restriction on free and open competition.<sup>141</sup> Nevertheless, under certain limited circumstances, the prequalification of offerors may be justified.<sup>142</sup> One example is where an agency needs some assurance from a source independent of the bidder that a safety system (such as a fire alarm) works. Thus, a requirement for certification by Underwriters Laboratory or Factory Mutual has been upheld.<sup>143</sup> The Comptroller General generally has not objected to a requirement for membership in an industry organization or a requirement that products conform to standards by a nationally recognized organization.<sup>144</sup> However, a requirement for a specific testing laboratory's seal of approval generally is considered unduly restrictive because prospective contractors should be permitted to present other credible evidence that their items conform to established standards.<sup>145</sup>

An indirect form of prequalification is to impose specific responsibility-type requirements on offerors. For example, a solicitation requirement for a minimum of two years' corporate experience in providing family service functions was upheld as necessary to ensure high quality services.<sup>146</sup> Another solicitation requirement that certain key staff positions on cable ships be staffed by persons with experience aboard that type of ship also was upheld.<sup>147</sup> Any solicitation requirement stating a specific and objective standard to measure an offeror's ability to perform is called a "definitive responsibility criterion." An agency may include definitive responsibility criteria provided that the criteria reflect the agency's legitimate needs and the restriction on competition is reasonable.<sup>148</sup>

### **Delivery Requirements**

One of the best examples of a permissible restriction on competition involves the Government's required delivery for the supplies or services. A short delivery schedule is permissible so long as it reflects the Government's legitimate minimum needs. There is no requirement that an agency underestimate its minimum needs merely to increase competition.<sup>149</sup> The number of possible sources for an item or service does not determine the restrictiveness of solicitation provisions.<sup>150</sup> Consequently, even if only one firm can meet

the delivery requirements, this does not establish that the agency's delivery schedule is not reasonably related to its minimum needs.<sup>151</sup>

### Geographic Restrictions

An agency may restrict a procurement to bidders or offerors within a specified geographical area if the restriction is reasonably necessary for the agency to meet its minimum needs.<sup>152</sup> One category of procurements in which such restrictions are applied involves the location of buildings for government offices. The Secret Service justified a restriction for its offices to a designated area with a central location in Houston near the Houstonian Hotel (the designated temporary residence of the President while in Houston) with easy access to major arteries to downtown, in a close proximity to the Houston Police Department, close to the Federal Building, and allowing for secured parking.<sup>153</sup> A restriction to an area near the courthouse was justified on the basis that Justice Department attorneys had to make several trips to the courthouse each day (with bulky files and boxes).<sup>154</sup> The Drug Enforcement Administration excluded the Canal Street area in New Orleans for its office on the basis that the area posed unacceptable security risks for its agents.<sup>155</sup> Government employee travel time also has been held to be a legitimate consideration in determining an agency's minimum needs for office space.<sup>156</sup>

The necessity for government employee travel also is a legitimate consideration in assessing an agency's need for geographic restrictions based on other considerations.<sup>157</sup> Restrictions have been upheld based on a demonstrated need for close liaison between agency personnel and the contractor and for close control over documents or data involved in a contract.<sup>158</sup> A geographical restriction was upheld because of the agency's operational need to improve efficiency by minimizing unproductive employee travel,<sup>159</sup> even if only to avoid traffic congestion in a highway tunnel.<sup>160</sup> Geographic restrictions for facilities serving military recruiting stations also have been upheld to increase efficiency, reduce the possibility of highway accidents, and improve the impression on military recruits.<sup>161</sup> Travel time is not just a cost consideration. One protester argued that there were commonly used methods of determining travel cost that could be incorporated into the solicitation to increase competition, but the restriction was justified on the basis of quality assurance requirements and to avoid unproductive travel time during working hours.<sup>162</sup>

### Security

Military readiness and security considerations to meet possible wartime or emergency conditions is an actual need justifying restrictions on competition in appropriate circumstances.<sup>163</sup> One restriction which may be needed is a limitation to potential contractors with security clearances. The degree to which classified information must be protected by the use of certain security clearances is a matter within the discretion of the cognizant agency and will not be reviewed under the Comptroller General's bid protest

function.<sup>164</sup> Potential competitors may object that the clearance level is too high, takes too long to obtain, or that the agency will not even initiate the application process until after award. The Comptroller General takes the position, however, that the fact that a requirement may be burdensome or even impossible for a particular firm to meet does not make it objectionable if it properly reflects the agency's minimum needs.<sup>165</sup>

### Standardization

The Comptroller General has recognized that, although there may be some restriction on competition, an agency may specify brand name components to be delivered as part of a system when the agency has a legitimate need for the specific brand.<sup>166</sup> One recognized agency need is to standardize equipment.<sup>167</sup> The need for standardization may involve sophisticated equipment, such as computer keyboards, in order to increase user friendliness and to eliminate time delays when operators must learn to operate new or different keyboards.<sup>168</sup> The need to standardize also may involve less sophisticated operations, such as welding.<sup>169</sup>

### Urgency

The CICA requires that, even where urgency justifies limiting competition, the agency still must solicit offers from as many potential sources as is practicable under the circumstances.<sup>170</sup> Thus, an urgency determination does not itself justify a decision to award a sole source contract.<sup>171</sup> The agency may limit the procurement to the only firm it reasonably believes can properly perform the work in the available time, provided the limitation is justified.<sup>172</sup> Since the agency can limit the competition to firms with satisfactory work experience that it reasonably believes can properly perform the work, the agency is not even required to solicit the incumbent contractor if it reasonably doubts that the incumbent can perform the work.<sup>173</sup> A military agency's assertion that there is a critical need that has an impact on military operations carries considerable weight with the Comptroller General.<sup>174</sup>

### Other Restrictions

A solicitation restricted to modified commercial off-the-shelf equipment was justified by the agency's desire to avoid the risks of purchasing an unproven design.<sup>175</sup> An agency may require a firm seeking source approval to provide technical data from the original equipment manufacturer (even if the information is proprietary and difficult to obtain) so long as the data is reasonably necessary to evaluate the product.<sup>176</sup> Solicitations requiring products "compatible" with existing equipment are generally approved.<sup>177</sup> Even a specification requiring uniformity of appearance with the agency's previous acquisition was upheld.<sup>178</sup> An agency may specify items with superior performance characteristics allowing for as much reliability and effectiveness as possible.<sup>179</sup> Some cases hold that a restriction to new equipment,<sup>180</sup> or equipment with a maximum age, is permis-

sible.<sup>181</sup> At least two decisions, however, have held that a restriction to new equipment was not justified.<sup>182</sup>

An interesting recent decision involved a solicitation for instructional services that required the contractor to be accredited from one of ten accrediting associations. The protester contended that the requirement overstated the Government's needs because the Army was not awarding degrees, giving academic credit, developing curricula, etc. The Army contended the restriction was necessary to reduce unacceptable risks, such as uncertified teachers, nonexistent lesson plans, and substandard instructional material. The Comptroller General denied the protest.<sup>183</sup>

## Erosion of Competition and Purchasing Limitations

### Introduction

Contrary to the express purpose of CICA to *increase* competition, there has been a significant erosion of "real" competition in the last decade. A 1987 GAO report reviewing DOD's compliance with CICA discussed awards *reported* by DOD as based on full and open competition but *actually* based on the submission of only one offeror.<sup>184</sup> In a follow-up audit three years later, the GAO sampled awards reported as based on full and open competition and the submission of only one offeror and found that the agency had used practices inconsistent with full and open competition for one-half of the sample.<sup>185</sup> The reduction of competition has a direct effect on increased costs to the Government because "the benefit of competition to both the government and to the public in terms of price and other factors is directly proportional to the *extent* of competition."<sup>186</sup>

The DOD has an entire program devoted to the shrinking availability of sources of supply and recently indicated that "diminishing manufacturing sources is a major potential problem."<sup>187</sup> A GAO report stated that the DOD does not have systems that provide information on the magnitude and extent of the problem of diminishing sources but the examples listed of *causes* of the problem included only suppliers ceasing production, discontinuing distribution, or moving to a foreign country.<sup>188</sup> The fact that vendors may simply *choose* not to sell to the Government was not mentioned as a possible cause (although the GAO did say that the private sector is increasingly more sensitive to its commercial customers rather than DOD).

In addition to the decline in the *amount* of competition, the *quality* of competition in government contracting has decreased in the last decade. The quality of competition has eroded, not because of the increased use of a particular *method* of competition (competitive proposals), but because of the failure to apply effective rules of competition to this method. Competition by sealed bidding has been recognized for over a century as a method of reducing costs, fraud, and favoritism. The *reason* this method is effective is that the *rules* of competition are fully disclosed (timely bids, responsive bids, evaluation

factors, bid guarantees, etc.), there are objective standards for the competition, the bids are publicly opened to ensure the integrity of the system, and award is made to the low responsive bidder (with "responsibility" determined separately).

There are factors and circumstances currently associated with competitive proposals that are the antithesis to any form of competition; namely, indefinite or ambiguous goals (*i.e.*, products or services), undisclosed rules of competition, discretionary application of the rules, and discretionary enforcement of the rules. The presence of one or more of these factors or circumstances undermines competition and causes competitors to lose faith in the integrity of the system. When this occurs (as in *any* type of competition), many of the best competitors elect not to participate. In most competition, a *bad* rule is better than *no* rule, and consistent application and enforcement of a bad rule often is better than discretionary application and enforcement of a good rule.

Discretion and flexibility are desirable procurement goals in selecting different methods of procurement or evaluation factors for different circumstances — discretion and flexibility in applying or enforcing the *rules* of competition to each method or evaluation factor are not. In sealed bidding, when you name the game, you disclose the rules. In competitive proposals, as discussed below, offerors do not know if the "game" is low price, best product, lowest risk, highest quality, etc. Government buyers prefer the "cafeteria plan" of source selection; *i.e.*, look at what is offered and then decide what is "wanted" and what can be purchased with the available funds. This method of selection not only has led to higher prices but also has seriously eroded one of the most basic historical limitations on government spending; namely, the so-called "minimum needs" doctrine that has restrained unnecessary acquisitions for over 100 years. The factors and circumstances that have contributed to the erosion of competition and the limitation on government spending will be discussed in this section.

### Specifications

It is a basic tenet of federal procurement law that specifications must be sufficiently definitive so as to permit competition on a common basis.<sup>189</sup> The CICA and FAR require that specifications be developed "in such manner as is necessary to obtain full and open competition."<sup>190</sup> This important and specific statutory requirement (to do whatever is necessary) is almost *never mentioned* in bid protest cases. The Comptroller General has stated that, in addition to treating potential suppliers fairly, they should be informed "as fully as possible of what it is the Government needs."<sup>191</sup> Competitors must be given enough information to know what they are competing for and what they are competing against.<sup>192</sup> "Loose" specifications are similar to the poet Robert Frost's description of free verse — it is like playing tennis with the net down. Contracting agencies have the responsibility for drafting proper specifications.<sup>193</sup> The preparation of specifications and statements of work is a skill that is rarely emphasized or even recognized in the Govern-

ment (and the development of courses of instruction for government personnel in this area might be the best "investment" the Government could make in cost reduction).

It is a fundamental principle of procurement law that *ambiguous* specifications preclude competition on a common basis.<sup>194</sup> An ambiguity exists if the specifications are subject to more than one reasonable interpretation.<sup>195</sup> For example, a specification requirement for "first class material and workmanship" was not sufficiently definite because the phrase was subject to varying degrees of interpretation.<sup>196</sup> Specifications permitting different offerors to assume different requirements would improperly permit proposals to be prepared on different cost and technical bases.<sup>197</sup> Procuring agencies have argued that industry standards have not been developed and offerors should be permitted to propose whatever product they choose, but the flaw in the argument is that it permits each offeror to define the specification for itself and, to the extent that offerors do so differently, they are not competing on an equal basis.<sup>198</sup> Other government agencies make the equally erroneous decision to reject an offer that interprets the specification differently from the agency.<sup>199</sup> One major problem in convincing agencies that specifications and statements of work should be more definite is the Comptroller General's position that specifications need not be drafted in such detail as to eliminate all risk or remove every uncertainty.<sup>200</sup>

Precise design specifications describing how a product will be manufactured are not required. The Comptroller General has said, in fact, that design specifications "are generally inappropriate if an agency can state its minimum needs in terms of performance specifications which alternate designs could meet."<sup>201</sup> Performance specifications leave to the contractor the responsibility of choosing the means, methods, and techniques for accomplishing the contract work.<sup>202</sup> The Comptroller General has said he will not object to specifications that are "written around" design features of a particular item where the design specified is necessary to meet the agency's minimum needs<sup>203</sup> but that restricting a solicitation to a specific make and model does not meet the requirement for full and open competition.<sup>204</sup>

A major problem with ambiguous specifications affecting competition is the risk placed on contractors. If specifications contain a patent or obvious ambiguity, the contractor is under a duty to inquire and seek clarification.<sup>205</sup> The problem is the well recognized "grey area" between when an ambiguity is obvious and when it is not.<sup>206</sup> The critical issue is the degree of scrutiny reasonably required in reviewing specifications.<sup>207</sup> The courts and boards of contract appeals necessarily have the advantage of 20-20 hindsight when deciding this issue (and have not experienced the pressures and time constraints in preparing bids or proposals). In competitive proposals, an offeror can "interpret" the specification in its proposal (shifting the burden of clarification back to the Government) and clarify issues in discussions. However, inadequate specifications always undermine competition, and this factor almost always is ignored in "reform" initiatives. It is a popular misconception that a low price means poor quality. If you are

buying or selling gold and specify 98 percent purity, the price is irrelevant to quality if you *specify* the purity required, *inspect* to assure the product conforms, and *reject* any nonconforming products.

#### Undisclosed Evaluation Plan

Government agencies enjoy broad discretion in the selection of evaluation factors, and those factors and the evaluation scheme will be upheld so long as the criteria used reasonably relate to the agency's needs.<sup>208</sup> As discussed above, the procurement statutes and regulations require that the evaluation factors and subfactors, and the *relative importance* assigned to each, be included in solicitations for bids and proposals.<sup>209</sup> The Comptroller General has said it is "fundamental that offerors should be advised of the basis on which their proposals will be evaluated."<sup>210</sup> He even has released the source selection scoring plan in a bid protest case because it is "necessary to give the protesters a meaningful opportunity to develop their protests."<sup>211</sup> Nevertheless, the Comptroller General has held consistently that only the "broad scheme of scoring to be employed" need be disclosed to competitors in the solicitation.<sup>212</sup> The precise scoring method to be used need not be disclosed.<sup>213</sup> These plans are internal agency instructions and, as such, do not give outside parties any rights.<sup>214</sup>

Although the general rule is that an agency may not double count, triple count, or otherwise greatly exaggerate the importance of any listed evaluation factor,<sup>215</sup> the failure to disclose the evaluation plan poses a real problem in determining whether this will be done. For example, "experience" might be considered by the agency to be a legitimate consideration under a number of evaluation factors.<sup>216</sup> "Staffing" is another example that was found to be a legitimate consideration under several evaluation subfactors.<sup>217</sup> The failure to disclose the plan also may deprive competitors of the knowledge that bonus or penalty points will be used in scoring.<sup>218</sup> It is particularly difficult to understand how an evaluation plan can be upheld as satisfying the requirements for full and open competition when the undisclosed plan allocated points for performance *exceeding* satisfactory compliance.<sup>219</sup> In upholding an undisclosed point scoring plan involving a brand-name-or-equal solicitation, the Comptroller General said:

In a competitively negotiated brand name or equal solicitation, we consider unobjectionable comparative technical scoring where non-brand name equipment may receive a higher technical score than the brand name, if its performance is technically superior to the brand name. The solicitation here clearly put offerors on notice that offers would be comparatively evaluated on a point-scored basis, provided technical evaluation factors, and instructed offerors to indicate the extent to which the offered unit "meets or exceeds" the requirements. Consequently, we think it was unreasonable for the protester to assume that a proposal of the brand name would be scored equal to

an offer possessing merit beyond the minimum requirements specified in the RFP. See generally *Computer Sciences Corp.*, B-189223, Mar. 27, 1978, 78-1 CPD ¶ 234. Thus, the fact that the protester may have been misled, while unfortunate, does not render the evaluation improper.<sup>220</sup>

Another problem in failing to disclose the evaluation plan is that competitors are unable to determine whether or not the plan will give the source selection official a clear understanding of the relative merits of proposals.<sup>221</sup> In one decision, the undisclosed evaluation plan had 10 separate evaluation factors with undisclosed point scores assigned to them for use by the evaluators. The undisclosed evaluation plan even reflected that the technical evaluators were to use a scoring guideline different from that to be used by the contracting officer, who was the source selection authority. The protest was sustained for other reasons, but disclosure of the evaluation plan initially in the solicitation could have resulted in amendments that would have avoided the issues.<sup>222</sup>

It is most difficult to understand why agencies are not required to disclose the scoring system to be used. Disclosure would eliminate the problems of determining the *relative* importance of evaluation factors for disclosure and the problems that will be caused by the new requirement (discussed below) to disclose when factors are "significantly" more or less important than cost. If the scoring system is valid, it should result in the Government receiving proposals more closely responsive to what it wants. If "technical" is rated 90% and cost is rated 10%, proposals will be structured in an entirely different manner than they will be if cost is 90% and technical factors are rated 10%. The only reasonable explanation is that the agencies want to use the "cafeteria plan" selection method of waiting to see what is offered before deciding on the definite scoring. The failure to disclose the evaluation method has an obvious and adverse impact on competition. By analogy to football, it is like having a tie game with one play left and you do not know how many points you will get if you score by running the ball, passing, or kicking a field goal. The Government will get much more "responsive" proposals if it discloses the scoring system.

The writer actually experienced this problem trying to convince the chief procurement officer of a local public agency in the Dallas, Texas, area to disclose the ratings to be used in evaluating the systems offered by competitors. After vague and indefinite answers, the writer asked, "Who knows what the scoring system will be?" The answer was: "Only the Shadow knows."

#### **Undisclosed Evaluation Factors**

Undisclosed evaluation *plans* prevent competitors from knowing how evaluation *factors* will be scored. Another significant reason that competition has been eroded is that government agencies do not disclose all of the evaluation factors and subfactors that will

be scored or otherwise considered in the evaluation. This problem exists notwithstanding an absolute, unequivocal mandate from Congress that such factors be disclosed in solicitations.

Congress first required disclosure of evaluation factors in the CICA, which required solicitations to include "all significant factors (including price) which the executive agency reasonably expects to consider" in evaluating competitive proposals and their relative importance.<sup>223</sup> This provision was implemented in Federal Acquisition Circular 84-5 by providing, in FAR § 16.605(e), that solicitations clearly state the evaluation factors and any significant subfactors that will be considered in making source selections and their relative importance.<sup>224</sup> The Comptroller General's interpretations, however, emasculated the requirement by holding that agencies did not have to disclose areas or matters that were reasonably related to or encompassed by the disclosed criteria.<sup>225</sup> With respect to subfactors, the Comptroller General held that agencies did not have to disclose subfactors if they were "sufficiently related to the stated criteria so that offerors would reasonably expect them to be included in the evaluation"<sup>226</sup> or were "reasonably related" to the stated criteria and the "correlation is sufficient to put offerors on notice of the additional criteria to be applied."<sup>227</sup> The Comptroller General did not require evaluation subfactors to be revealed to competitors even in bid protest cases.<sup>228</sup>

Industry complained to the House Armed Services Committee that the Department of Defense often did not state evaluation factors and that it was difficult to understand what the Government really wanted. This resulted in an amendment to the Armed Services Procurement Act to require expressly that solicitations include a statement of all significant evaluation subfactors the agency expects to consider.<sup>229</sup> The committee report accompanying the bill said:

In reviewing this issue the committee became cognizant of an issue that it also believed warranted attention — the quality of the department's statement in the solicitation of the factors on which it will base its source selection decision. Industry complained that the evaluation factors were often not stated or were not sufficiently detailed to allow offerors to understand what the department truly considered important. Without that knowledge they were left to structure offers that were often not consistent with the department's needs. The department, on the other hand, was concerned that if it were required to state in the solicitation the evaluation criteria, including all subfactors, and the weights that would be given those factors, the government would lose flexibility in choosing the best offer, and the subjective judgments it is often required to make would be challenged.

The committee cannot stress enough the importance of the solicitation containing clear and unambiguous descriptions of each significant evaluation factor *and* its relative importance. This becomes even more significant if the department intends to award without discussion. The committee believes it can resolve both the industry and DOD concerns by amending section 2305 of title 10, United States Code, to require the department to include in its solicitations a statement of not only all significant evaluation factors, but all significant subfactors as well. Finally, it recommends an amendment to provide that in prescribing the evaluation factors, the department must clearly establish the relative importance of the factors included in the solicitation. The committee encourages the department to provide as much detail as possible in describing the significant evaluation factors and subfactors.<sup>230</sup>

The Comptroller General recognized that this meant the solicitation should contain "clear and unambiguous information concerning how offers will be evaluated."<sup>231</sup>

The Comptroller General, however, continues to hold that factors "encompassed by or related to,"<sup>232</sup> or "which might be taken into account"<sup>233</sup> in evaluating, identified criteria need not be disclosed. With respect specifically to the disclosure of evaluation subfactors even by DOD agencies, the Comptroller General's position is that areas reasonably related to or encompassed by,<sup>234</sup> or "intrinsically related to,"<sup>235</sup> the stated criteria do not have to be disclosed in the solicitation. Thus, the Comptroller General held that "risk" did not have to be disclosed as an evaluation factor or subfactor because consideration of risk is *inherent* in the evaluation of proposals.<sup>236</sup> The logical refutation of this position is that, under this view, subfactors *never* would have to be disclosed. All subfactors, by definition, are reasonably related to or encompassed by the primary factors (otherwise, they would not be "sub" factors).

The General Services Administration Board of Contract Appeals (GSBCA) takes a different view of the disclosure requirements. In sustaining a protest in which the Marine Corps did not disclose it was evaluating whether, and how much, an offeror's proposal exceeded the Government's needs (and to which a dollar value was assigned), the Board said:

The Board has held that any factor which significantly contributes to how a potential offeror structures its proposal or which affects the selection of an awardee should be disclosed in the solicitation. *Systemhouse Federal Systems, Inc.*, GSBCA 9313-P, 88-2 BCA ¶ 20,603, at 104,122, 1988 BPD ¶ 33, at 13. The fact that SAC would be examining the technical proposals to determine whether they exceeded the requirements of the solicitation and would be as-

signing a dollar value to those elements is such a significant factor. Offerors may structure their proposals differently and may include additional features in their proposals based on this knowledge. The proposal an offeror submits based on the terms of this solicitation could be markedly different than the proposal which may have been submitted if the evaluation factors and cost savings adjustment had been disclosed. Thus, the fact that proposals would be examined to determine if they exceeded the requirements of the solicitation and the fact that a cost savings adjustment would be applied to those elements which exceeded the requirements should have been disclosed in the solicitation.<sup>237</sup>

The GSBCA's statement explains clearly how competition has been eroded by the failure to apply one of the most basic rules of competition; namely, stating *what* will be scored. It also should be clear that the procuring agencies are depriving themselves of higher quality proposals by failing to disclose all evaluation factors and subfactors. The awardee under the present system may merely be the offeror who had the best guess (or, worse, inside information) about what the Government *really* wanted. One of the best expressions of this argument was made by the Comptroller General in a case in which the statutory requirement to disclose evaluation factors was inapplicable:

Intelligent competition assumes the disclosure of the evaluation factors to be used by the procuring agency in evaluating offers submitted and the relative importance of those factors.<sup>238</sup>

The current practices, it is submitted, are inconsistent with "intelligent competition."

#### **Subjective and Unnecessary Evaluation Factors**

One of the most important measures of the *quality* of competition is the objectivity of the scoring. There almost never is any doubt regarding the winner of a marathon race or a pole vault competition. What distinguishes these sports from professional wrestling? The answer is *rules* and their *enforcement*. The integrity of the competition is directly proportional to the objectivity of the scoring method. The less objective the scoring method, the more opportunity there is for the mischief that competition is intended to avoid (favoritism, fraud, overspending, etc.). The integrity of the competition requires not only that the judges are satisfied with the winner but also that the competitors believe that they have been treated fairly.

The quality of competition in government contracting has eroded not only because of the increased *number* of subjective evaluation factors used but also because of the increased *subjectivity* of the factors. Subjective scoring permits the judges to postpone deciding *what* they want until after the competitors have completed their participation. This, again, is the "cafeteria" selection method — you do not decide what you want until

you go down the line with your tray. This selection method has a major flaw — we all tend to buy too much when we go through the buffet line. The same is true in government contracting; subjective evaluation permits the Government to pay more for what it purchases (under the euphemism of "best value," discussed below). When non-cost factors are evaluated along with price, a higher score in subjective factors costs the Government more money.

The Comptroller General has held that subjective evaluations are not improper; evaluation factors need only reflect the agency's actual needs.<sup>239</sup> A legitimate question, however, is whether many of the subjective evaluation factors currently being used in federal source selection really reflect the Government's *actual needs*. One offeror was downgraded because its proposal did not show any "creative or innovative thoughts,"<sup>240</sup> and competitors in another procurement were rated for their "visionary" approaches.<sup>241</sup> In another competition, proposals were graded by the offerors' "academic credibility."<sup>242</sup> Proposals often are evaluated for the offerors' labor-management relations. One was downgraded in this area because the evaluators reported "several employees were disgruntled because [the offeror] refused to timely grant cost of living wage increases."<sup>243</sup> Another proposal was downgraded for containing insufficiently detailed strike/work stoppage procedures.<sup>244</sup> Proposals frequently are graded for the "oral presentation."<sup>245</sup> One proposal was found unacceptable because of the contractor's organizational chart.<sup>246</sup> A company's plans for quality control also frequently are evaluated,<sup>247</sup> and the Comptroller General has recognized that different evaluators will have different perceptions regarding the relative merits of proposed quality control plans.<sup>248</sup> However, when a proposal's quality control program is downgraded for an *undisclosed* requirement to include the Government's participation in the quality program, a more objective evaluation method is needed,<sup>249</sup> particularly where the evaluation plan assigns more weight to quality than to price.<sup>250</sup> Objective criteria are particularly important to describe the Government's actual needs in connection with the evaluation factor of customer satisfaction<sup>251</sup> (*i.e.*, how much "satisfaction" is enough?).

It may be impossible, or at least undesirable, to eliminate subjectivity in all competitive acquisitions, such as the "aesthetic" evaluation factor for the design of a building<sup>252</sup> or the "visual impact" consideration for the design of a bridge.<sup>253</sup> However, some rules, standards, and guidelines for the use of subjective standards (none of which exist today in government procurement) should be established describing the types of factors permitted and the discriminators to be used in scoring. There is subjectivity involved in evaluating gymnastics and diving competitors, but there are well-defined factors that are being evaluated and which are well known to all competitors.

Another reason competition in government procurement has eroded is that proposals are evaluated on the basis of factors that are remote to justifiable actual needs of the agencies. Comparative evaluations of a potential contractor based on the vesting period for its employees' 401(k) plan contributions,<sup>254</sup> the employee sick leave policy,<sup>255</sup>

the part-time or full-time status of employees,<sup>256</sup> severance pay policy,<sup>257</sup> government contract experience,<sup>258</sup> the importance of the contract to the offeror,<sup>259</sup> and membership in professional organizations<sup>260</sup> seem hard to relate to the Government's actual needs. A comparative evaluation of offerors' minority business participation<sup>261</sup> can result in the Government paying a hidden price premium for socioeconomic programs. It also is doubtful that Congress recognizes that agencies may be paying a price premium in janitorial services for the contractor's corporate reputation, supervisor experience, organizational methods and techniques, and subcontracting plans.<sup>262</sup>

Some government requirements and evaluation factors may be imposing standards on government contractors that the Government does not, or could not, adopt for itself, such as employee dress and grooming standards,<sup>263</sup> employee personnel conduct and attire,<sup>264</sup> availability of conference room space,<sup>265</sup> "pop-up" dispensers for paper towels,<sup>266</sup> subsidized hot meal and beverage programs for employees,<sup>267</sup> and even evaluation of employees' political views.<sup>268</sup> Awarding government contracts based, even in part, on highly subjective, and possibly unnecessary, factors erodes and undermines competition for what the Government actually needs. Government requirements based on personal preferences are improper.<sup>269</sup>

#### **Responsibility-Type Evaluation Factors**

In government contracting, the term "responsible" as applied to a prospective contractor has a well defined and consistently applied meaning; namely, a contractor that can and will perform the contract satisfactorily. To be "responsible," a prospective contractor must (a) have adequate financial resources or the ability to obtain them, (b) be able to comply with the delivery or performance schedule, (c) have a satisfactory performance record, (d) have a satisfactory record of integrity and business ethics, (e) have the necessary organization, experience, accounting and operational controls and technical skills, or the ability to obtain them, (f) have the necessary equipment and facilities, or the ability to obtain them, and (g) be otherwise qualified and eligible to receive award.<sup>270</sup> Responsibility determinations are made *after* preliminary source selection (*i.e.*, determination of low bidder or best evaluated proposal) and are a *condition* to *all* government purchases.<sup>271</sup> A prospective contractor must affirmatively demonstrate its responsibility, including (when necessary) the responsibility of its proposed subcontractors.<sup>272</sup>

An agency's consideration of the technical merits or acceptability of proposals traditionally has been separate and distinct from consideration of an offeror's responsibility.<sup>273</sup> However, the Comptroller General said:

It is not always possible to draw a distinct line between the two concepts because often traditional responsibility matters are incorporated into technical evaluation criteria used in negotiated procurements, and where an agency uses traditional responsibility criteria to

assess technical merit or acceptability, the technical evaluation may involve consideration of an offeror's capability as well as its proposed approach and resources.<sup>274</sup>

Nevertheless, the solicitation must advise offerors that traditional responsibility criteria will be *comparatively evaluated*.<sup>275</sup>

Examples of responsibility-type factors that have been used for *comparative evaluation* in source selection include (1) financial capability,<sup>276</sup> (2) production capability,<sup>277</sup> (3) facilities,<sup>278</sup> (4) equipment,<sup>279</sup> (5) staffing,<sup>280</sup> (6) purchasing system,<sup>281</sup> (7) production techniques,<sup>282</sup> (8) delivery schedule,<sup>283</sup> (9) schedule realism,<sup>284</sup> (10) business practices,<sup>285</sup> (11) safety,<sup>286</sup> (12) spare parts availability,<sup>287</sup> (13) knowledge of local law,<sup>288</sup> and (14) warranty.<sup>289</sup>

Two responsibility factors are particularly troublesome. The first is "corporate experience." It causes problems because the evaluation sometimes is limited to the corporate entity<sup>290</sup> while at other times it includes consideration of the corporation's officers and key personnel<sup>291</sup> and even subcontractors.<sup>292</sup> The second problematic responsibility factor is "risk." Solicitations sometimes delineate specific types of risk to be evaluated (e.g., management, operational, technical, cost, and performance).<sup>293</sup> The Comptroller General holds, however, that risk is inherent in all evaluations of technical proposals.<sup>294</sup> Therefore, evaluation of risk is permitted in the same procurement as a separate evaluation factor and as a consideration in evaluating other factors.<sup>295</sup> Since "risk" has a negative value, another problem with this factor is how to evaluate the probability of negative events.<sup>296</sup>

The use of responsibility-type evaluation factors erodes competition and purchasing limitations by raising critical issues for both potential contractors and the Government. For potential vendors, the issue is "how much is enough?" Is this procurement worth the time, effort, and cost to compete? Will my financial resources, facilities, etc., be compared with those of General Motors, IBM, etc.? For the Government, an issue should be "how much is *too* much?" Will an offeror's \$50 million in financial resources justify paying a price premium for janitorial services when compared with a proposed contractor with only \$5 million in resources?<sup>297</sup> There even may be a scale of points based on years of experience.<sup>298</sup> The issue is not, however, how much the experience should be scored but how much is more than "enough." One proposal was rated superior partly because the offeror had 100 years of corporate experience.<sup>299</sup> In addition, there always is the age-old question of whether the offeror had 10 years of experience or merely one year's experience 10 times. Competition is prejudiced because there is no statutory or regulatory guidance to limit the evaluation of responsibility factors to the amount or level that is *adequate* for the performance of the contract. As the Comptroller General said when a protester claimed its superior financial condition deserved a higher score:

The Navy did not rate [the protester's proposal] superior because, it explains, "it is hard to envision, let alone quantify, any added benefit to the agency resulting from massive revenues; [o]nce the financial condition and capability of an offeror is deemed to be sufficient to support performance of the contract, a rating of 'acceptable' is entirely appropriate."<sup>299</sup>

When the problem is raised, the Comptroller General points out that Congress has specifically recognized in 10 U.S.C. § 2305(a)(3) and 41 U.S.C. § 253a(c) that responsibility-related factors, such as management capability and prior experience, are appropriate considerations in assessing the quality of proposals.<sup>300</sup> However, these laws do not say the evaluation may be entirely subjective with no limitation to "adequacy."

#### **Exceeding Government's Requirements**

Another circumstance that has had an adverse effect on competition and government purchasing limitations is that evaluation points are awarded for *exceeding* the Government's requirements set forth in the solicitation. The practice sometimes is expressed as little more than a differentiation that awards a higher score to a proposal that exceeds the minimum requirements than to one that merely meets the requirements.<sup>301</sup> The "cafeteria selection" nature of this approach was described as follows:

We do not think that it is necessary or even practicable to assign specific weights in a solicitation to enhancements, the nature of which the agency cannot be aware of until they are actually proposed by an offeror. It is our view that such enhancements should be evaluated under the appropriate evaluation factor or subfactors in the solicitation and assigned the weight in the overall evaluation commensurate with the weight given to the factor or subfactor in the solicitation's evaluation scheme. Our view of the record indicates to us that this was done here.<sup>302</sup>

Solicitations sometimes advise competitors that their proposals will be given points for exceeding the requirements.<sup>303</sup> In other cases, the Comptroller General has held that the mere fact that the solicitation provides for comparative judgments of technical evaluation criteria is notice that an agency may rate one offeror higher than others for exceeding the requirements.<sup>304</sup> At other times, the source evaluation plan provides that points are earned only if a critical part exceeds the technical specifications.<sup>305</sup> Occasionally, the Comptroller General will hold that it is improper to award higher points for exceeding the requirements.<sup>306</sup> The practice is common, however, and examples of awarding higher scores for exceeding the solicitation requirements include performance capability,<sup>307</sup> equipment,<sup>308</sup> additional personnel,<sup>309</sup> and organization and staffing.<sup>310</sup>

Competitive evaluations that award points for exceeding the Government's requirements raise real questions as to whether there is genuine competition at all. It is difficult enough to compete to *meet* the requirements, but with undisclosed evaluation plans, undisclosed and subjective evaluation factors, etc., how can there be any meaningful competition to *exceed* the requirements? How much *more* than the requirements is *desired* (and will be awarded points)? In what areas are additional performance or capabilities desired? What will you be competing *against*? Finally, how can the Government justify paying a higher price for something that exceeds its actual needs as reflected by the specification requirements?

### Best Value Procurements

The label "best value" procurement, although much in vogue today, neither broadens nor narrows the discretion agencies always have exercised in conducting cost/technical tradeoffs.<sup>311</sup> The practice sometimes is called "greatest value."<sup>312</sup> Essentially, it merely means that there is no requirement that the contract be awarded based on the low price,<sup>313</sup> and this subject could constitute a completely separate topic for discussion.<sup>314</sup> The evaluation may be based on dividing the technical evaluation point score by the total proposed price to obtain a price/quality ratio.<sup>315</sup> This practice was a standard technique used in the Navy's technical evaluation manual for turnkey family housing at least as early as 1975.<sup>316</sup> Another "best value" evaluation factor also much in vogue today is "past performance." This topic also is too broad to cover here<sup>317</sup> and has many inherent problems, risks, and effects on competition, but the method expressly contemplates the possibility of paying a price premium based on evaluation of the types of factors previously discussed in this article.

The only illustration of the potential impact of this method on competition and purchasing limitations will be a hypothetical example of a solicitation by the General Services Administration for automobiles for the GSA motor pool. If the solicitation were issued on a "best value" basis with "technical" (defined as engineering, appearance, comfort, and warranty) rated 70% and cost 30%, it is possible that a Cadillac could win over a Ford or Chevrolet. This result would not mean, however, that the Government actually *needs* this higher cost transportation.

### Impact on Small Business Concerns

One of the most serious erosions of competition (and perhaps the most subtle) has been the adverse impact of current procurement practices on small business concerns and minority enterprises. No small business concern may be precluded from award because of *nonresponsibility* without referral of the matter to the Small Business Administration (SBA) for a final determination (and possible issuance of a certificate of competency).<sup>318</sup> Application of responsibility-type evaluation factors on a pass/fail or go/no go basis that results in the elimination of a small business concern from competition without referral of

the matter to the SBA is improper.<sup>319</sup> However, a proposal from a small business concern may be rejected as unacceptable based on a *relative assessment* of responsibility-type factors without a referral to the SBA.<sup>320</sup>

It is relatively easy, therefore, to eliminate small business concerns from competition merely by including responsibility-type evaluation factors in the solicitation and then comparing the small business concern's capabilities with much larger, more experienced companies (even if the greater capabilities or resources of the large businesses exceed the Government's actual needs). Examples of the *comparative evaluations* of responsibility-type factors that have resulted in small business concerns and minority enterprises being eliminated from competition for government contracts include (a) corporate experience,<sup>321</sup> (b) corporate resources,<sup>322</sup> (c) management capability,<sup>323</sup> (d) production capability,<sup>324</sup> (e) staffing for cost tracking and control,<sup>325</sup> (f) personnel experience,<sup>326</sup> (g) personnel qualifications,<sup>327</sup> (h) demonstrated expertise and capability,<sup>328</sup> and (i) management and staffing.<sup>329</sup> It is essential to note that, in *not one* of these decided cases was a determination made that the small business concern was not capable of performing the contract satisfactorily. The effect of the decisions is merely that someone else was rated to be *more* capable.

In a somewhat surprising recent development, agencies actually have been instructed how to structure solicitations to avoid referrals to the SBA. The recent *Guide to Best Practices for Past Performance* issued by the Office of Federal Procurement Policy (Interim ed. May 1995) states at page 12:

To make clear from the outset that past performance is being used as an evaluation factor, it should be included in the solicitation as a factor against which offerors' relative rankings will be compared. Agencies should avoid characterizing it as a minimum mandatory requirement in the solicitation. When used in this fashion — to make a "go/no go" decision as opposed to making comparisons among competing firms — it will be considered part of the responsibility determination. As such, it will be subject to review by the Small Business Administration under the Certificate of Competency process.

The effective elimination of small business concerns from competition excludes numerous qualified competitors and creates a subtle restriction on competition to larger, over-qualified competitors without justifying that such a restriction is necessary to meet the Government's actual needs. Responsibility-type evaluation factors also favor the large businesses that *already have* the facilities, financial resources, etc., over the small business concerns that only have the "ability to obtain" them, as permitted under responsibility determinations.<sup>330</sup>

Congress has had problems for many years requiring government agencies to contract with small business concerns. In a memorandum for the Secretary of Defense dated February 6, 1961, President John F. Kennedy said:

I note that Congress has once again criticized the Department of Defense for not giving more contracts to small business. This is an old complaint. I think it would be useful for you to have someone look into exactly how this is handled and whether it is possible for the Defense Department to put more emphasis on small business. If it isn't possible for us to do better than has been done in the past I think we should know about it. If it is possible for us to do better we should go ahead with it and I think we should make some public statements on it. Would you let me know about this?<sup>331</sup>

The most discouraging aspect of this problem is not that small business firms do not get the contracts but, rather, that the taxpayers are deprived of the benefit of the lower prices that presumably would result from their competition in the contracting process.

#### **The Minimum Needs Doctrine**

For over 100 years, one of the most significant restraints on government purchasing has been the so-called "minimum needs" doctrine. The restraint is grounded in the basic authority of the Government to make any purchases or contracts. All contracting authority of the Government must be derived from one of two possible sources; namely, (1) a statute expressly authorizing a contract to be made (a contract authorization act, which is rarely used), or (2) an appropriation of funds from which the authority to contract can be *implied* (which accounts for over 99% of all government purchases). This rule was explained in an 1897 decision of the Comptroller of the Treasury as being based on Section 3732 of the Revised Statutes, which stated that no contract or purchase could be made unless the same is authorized by law or is under an appropriation adequate for its fulfillment.<sup>332</sup> However, the *implied* authority extends only to expenditures which are necessary or incident to the purpose of the appropriation.<sup>333</sup> The theory is that it cannot be *implied* that Congress *intended* to confer authority to contract for more than the Government's *needs*. Indeed, the principle of law is that "a legal contract cannot be made now for articles the Government does not need."<sup>334</sup> This rule, therefore, was expressed as providing that the Government can only buy what it actually *needs*, not what it wants or *desires*.<sup>335</sup>

The rule was stated by the Comptroller General as follows:

It has long been the rule, enforced uniformly by the accounting officers and the courts, that an appropriation of public moneys by the Congress, made in general terms, is available only to accomplish the particular thing authorized by the appropriation to be done.

*It is equally well established that public moneys so appropriated are available only for uses reasonably and clearly necessary to the accomplishment of the thing authorized by the appropriation to be done.*<sup>336</sup>

(Emphasis added.) There also is no authority, under the doctrine, to include any provision in government contracts that is not *essential* to the accomplishment of the purpose of the appropriation under which the contract was made.<sup>337</sup> The Government's "needs" were required to be obtained at the "most reasonable prices obtainable."<sup>338</sup> Applying the doctrine, the Comptroller General held that requirements for automobiles with leatherette upholstery<sup>339</sup> and four camshaft bearings<sup>340</sup> exceeded the Government's minimum needs.

There still is an Anti-Deficiency Act,<sup>341</sup> which provides that an officer or employee of the Government cannot make contracts before an appropriation is made unless authorized by law. Without a contract authorization act, the Government's authority to contract is still *implied* from the appropriation. The limitation to contracting only for the Government's *minimum* needs is included in the procurement regulations.<sup>342</sup> A contracting officer was quoted in one bid protest decision as referring to the "old adage" that the Government drives Chevrolets, not Cadillacs.<sup>343</sup>

The failure to apply the minimum needs doctrine has led to sharply reduced competition and erosion of the historical purchasing limitation. How has this occurred? The primary reason is that there is no effective way to "police" the limitation. The Comptroller General consistently holds that the contracting agency has the primary responsibility for determining its minimum needs and for determining whether an offered item will satisfy those needs.<sup>344</sup> This is described as *broad discretion*.<sup>345</sup> It is virtually impossible to challenge an agency's determination of its minimum needs in a bid protest environment. This has led to anticompetitive practices of undisclosed evaluation plans, undisclosed evaluation factors, proposals exceeding the solicitation's requirements, and comparative evaluation of responsibility factors. Failure to enforce the rule permits the Government to require services exceeding the standards in the private sector, such as a two-hour response time for Air Force housing for breakdown of air conditioning,<sup>346</sup> and clean shirts and pants every other day, personally tailored to the individual employee.<sup>347</sup> Congress should consider these circumstances in connection with any proposed reduction in competition requirements.

#### Source Selection

The source selection process also undermines competition in contracting by the absence of rules, effective standards, or practical enforcement. The process begins with the agency's source selection *plan*. As discussed above, agencies are not required to disclose the evaluation plan to competitors. In addition, the agencies are not *bound* by their own source evaluation plan because the plans are internal agency instructions and,

as such, do not give outside parties any rights.<sup>348</sup> Even when the evaluation plan stated the evaluation would be performed by a "team" but actually was done by the chairman alone, the Comptroller General held there was no basis for questioning the award.<sup>349</sup> The qualifications of the evaluators also are not subject to challenge (absent fraud, bias, or conflict of interest) because their selection is within the discretion of the agency.<sup>350</sup> One decision stated:

We observe that even if protester were able to establish with a preponderance of the evidence that the evaluators harbored a hidden favoritism towards Integraph, that alone would provide no basis for sustaining a protest at this time. We are all to some extent the product of our experiences and that alone hardly should be a sufficient basis for finding prejudice. So long as the evaluators are knowledgeable and professionally qualified — there is no allegation to the contrary — and fairly conduct their evaluations in accordance with valid criteria provided to them, it is irrelevant that circumstances beyond their control have provided them with a preponderance of experience with the equipment of one competitor.<sup>351</sup>

Challenges to the technical *qualifications* of evaluators will not be considered,<sup>352</sup> even when non-doctors were evaluating physicians.<sup>353</sup> In fact, the entire composition of the evaluation panel is within the agency's discretion.<sup>354</sup> The Comptroller General also recognizes that the individual evaluators have "disparate, subjective judgments on the relative strengths and weaknesses of a proposal,"<sup>355</sup> but this does not indicate that the evaluation was flawed.<sup>356</sup> The evaluators' point scores are not binding on the source selection official;<sup>357</sup> they are "merely aids for selection officials."<sup>358</sup> Even the scoring *method* in the evaluation plan is not binding on the source selection official.<sup>359</sup>

Source selection officials have "wide discretion" and are bound neither by the technical scores nor the source selection recommendations of the technical evaluators.<sup>360</sup> They have "broad discretion" in determining the manner and extent to which they will make use of technical and cost information and are subject "only to the tests of rationality and consistency with the established evaluation factors."<sup>361</sup> This means they are not bound even by the conclusions of the technical experts.<sup>362</sup>

The risk of this almost absolute discretion (subject only to consistency with the disclosed factors in the RFP, fraud, etc.)<sup>363</sup> is that there is no real "competition" when rules are neither *disclosed* nor *followed*. It is hard to defend this process as true "competition" when the rules are not disclosed, are applied secretly, and are not binding when decisions are challenged. Source selection is an excellent example of where a bad rule may be better than no rule. As stated in one decision, the source selection authority was "proud to be known throughout the Defense Department for 'going by the book,' but apparently the book he goes by is not the FAR."<sup>364</sup> The mischief that can occur under this

process could not be illustrated better than by the recent decision of the Eleventh Circuit in *Latecoere International, Inc. v. United States*<sup>365</sup> describing the "cheating" and "cooking the books" that had occurred in the improperly motivated manipulation of the evaluation ratings even though a bid protest previously had been denied by the Comptroller General.

### Bid Protests

The general scope, benefits, and shortcomings of the bid protest system are beyond the scope of these remarks. The point will be made only briefly that the bid protest system cannot establish effective rules of competition and, under the current rules, cannot enforce effective rules of competition. The discretion granted to agencies in the selection process precludes an effective policing system. The Comptroller General, for example, generally reviews agency decisions in the source selection process only to see if they have any reasonable basis and are consistent with the solicitation. This standard of review applies to determining requirements,<sup>366</sup> minimum needs,<sup>367</sup> evaluation of proposals,<sup>368</sup> cost/technical tradeoffs,<sup>369</sup> the source selection decision,<sup>370</sup> and conflicts of interest.<sup>371</sup>

The Comptroller General's standards of review are even more difficult to overcome in decisions involving other issues, like composition of the evaluation board (requiring fraud, bad faith, conflict of interest, or actual bias),<sup>372</sup> bias (requiring convincing evidence of specific and malicious intent to injure the protester),<sup>373</sup> and bad faith (requiring virtually irrefutable evidence that the agency had specific and malicious intent to injure the protester).<sup>374</sup>

The standard of review of the GSBCA in bid protest cases is broader because its review is *de novo*.<sup>375</sup> The GSBCA applies the same standard as it does to contracting officers' decisions under contract disputes procedures.<sup>376</sup> It will review information that was not available to the contracting officer.<sup>377</sup> Nevertheless, the Board has consistently held that, where the solicitation does not set forth specific weights to be applied in conducting cost/technical tradeoffs, agencies are accorded "great discretion" in determining which proposal is most advantageous to the Government.<sup>378</sup> Reviewing courts also recognize that contracting officers are entitled to exercise discretion upon a broad range of issues in source selection.<sup>379</sup> The point of this brief discussion is that the major problems in the eroding competition and purchasing limitations are more fundamental than can be solved merely by modifications to the bid protest system. Congress must prescribe (or require agencies to prescribe) the rules, standards, and practices to obtain true "competition."

## Proposals to Limit Competition Requirements

### Procurement Reform

There are several "procurement reform" proposals pending in Congress that would limit full and open competition. The current procurement reform proposals are directed toward having the Government adopt some of the purchasing practices used in the commercial marketplace. This reform movement began with Vice President Gore's *Report of the National Performance Review* issued on September 7, 1993.<sup>380</sup> The Report said that the Government frequently purchases low-quality items, or even wrong items, that arrive too late or not at all. The Report concluded by saying that federal managers can buy 90% of what they need over the phone, from mail-order discounters.

The Administration's point person on this reform is Steven Kelman, Administrator of the Office of Federal Procurement Policy. Mr. Kelman was professor of public policy at Harvard University before his appointment to his current position. His views were expressed succinctly in his book, *Procurement and Public Management*, published before he took his current position.

I, too, believe that the government often fails to get the most it can from its vendors. In contrast to the conventional view, however, I believe that the system of competition as it is typically envisioned and the controls against favoritism and corruption as they typically occur are more often the source of the problem than the solution to it. The problem with the current system is that public officials cannot use common sense and good judgment in ways that would promote better vendor performance. I believe that the system should be significantly deregulated to allow public officials greater discretion. I believe that the ability to exercise discretion would allow government to gain greater value from procurement.<sup>381</sup>

In view of the discussion in the previous sections of these comments, it is respectfully suggested that "common sense and good judgment" are uniformly permitted and upheld in the competitive source selection phase of government contracts and that many more procurement problems in source selection have been *caused* by the discretion public officials have exercised than by the *lack* of discretion.

The Federal Acquisition Streamlining Act of 1994<sup>382</sup> (FASA) states, in § 1091, that an offeror's past performance should be considered in awarding a contract and requires the OFPP to establish policies and procedures for this purpose. The OFPP recently published its "Best Practices" guide for past performance.<sup>383</sup> This guide states that one of the major factors to be evaluated is customer (*i.e.*, government) satisfaction, which measures the "contractor's customer relations efforts" and "how well the contractor

worked with the contracting officer.<sup>384</sup> This "improvement" and procurement reform, if not more carefully defined and used, could have an undesired impact on competition in contracting. One solicitation involved in a decision last year described past performance as including the offeror's *reputation* for reasonable and cooperative behavior.<sup>385</sup> In another decision, the references stated the protester was "difficult to work with" even though the protester contended it was being penalized principally for filing legitimate claims.<sup>386</sup> In a third case, the protester was downgraded for past performance based in part on a reference who stated he would not choose to contract with the protester again because "he found the negotiation of modifications with the protester to be difficult."<sup>387</sup> Do these cases suggest contractors will be downgraded for utilizing the remedies provided in standard government contract clauses? If so, there may be a short-term benefit to the Government, but the supply of potential vendors will eventually dwindle, to the detriment of competition.

### The Competition Standard

A legislative proposal introduced in the House of Representatives on May 18, 1995, H.R. 1670,<sup>388</sup> would have changed the CICA "full and open competition" standard to one of "maximum practicable competition." The proposal would have defined "maximum practicable competition" to mean that "a maximum number of responsible or verified sources (consistent with the particular Government requirement) are permitted to submit sealed bids or competitive proposals on the procurement."<sup>389</sup> The sponsors' analysis of the bill explained this change as follows:

Subsection (a) would amend 10 USC 2304(a) governing armed services acquisitions to establish a new standard of competition for the acquisition of goods and services - "maximum practicable" competition. This would replace the current requirement that all sources be given the "right" to be considered for government contracts whether or not the source has a realistic chance of supplying goods or services of the requisite quality at a reasonable price. The new standard would permit the government to focus on a meaningful competition among sources who can meet or exceed the government's requirements. In order to parallel the new competition standard the subsection would also amend 10 USC 2304(g)(3) which sets forth the standard for the use of competition in the simplified procedures for acquisitions under the simplified acquisition threshold to provide that agencies obtain competition to the "extent practicable" consistent with the particular requirement solicited.

There was no explanation in the analysis of what "a maximum number" of sources would be, what standards would be used to determine that number, and how the determination

would be made. It was rather obvious that a "maximum" number translated to a "limited" number, but what would have been the permissible limits?

A summary of the bill said that the Government no longer can afford competition for the sake of competition.<sup>390</sup> As discussed above, this never was a purpose of competition, and limiting competitors no doubt will reduce the opportunity for the cost savings competition is presumed to obtain. Moreover, in view of the myriad permissible restrictions on competition currently available, one questions the desirability and even the necessity of additional legal authority to restrict competition.

A proposed amendment to the Fiscal Year 1996 National Defense Authorization Act offered during floor debate in the House of Representatives June 14, 1995, would have incorporated most of the provisions of H.R. 1670, including the change to "maximum practicable competition."<sup>391</sup> The DOD Inspector General opposed the proposed change in the competition standard.<sup>392</sup> However, an amendment to the proposed amendment superseded the proposed change and preserved the "full and open competition standard." The vote was 213 to 207, with 14 members not voting.<sup>393</sup>

Another amendment to the defense bill adopted June 14 would require solicitations to include:

a description, in as much detail as is practicable, of the source selection plan of the agency, or a notice that such plan is available upon request.<sup>394</sup>

The sponsor of this amendment stated that, if companies are better informed about how offers will be evaluated, they will be better able to give the Government "exactly what it needs and at the best price."<sup>395</sup>

The July 27, 1995, markup of H.R. 1670 by the House Committee on Government Reform and Oversight deleted the "maximum practical competition" standard and now provides in Section 101(a) and (b) that federal agencies:

(A) shall obtain full and open competition —

"(i) that provides open access, and

"(ii) that is consistent with the need to efficiently fulfill the Government's Requirements, through the use of competitive procedures in accordance with this chapter and the Federal Acquisition Regulation; and

(B) shall use the competitive procedure or combination of competitive procedures that is best suited under the circumstances of the procurement.

Section 102(a) of the H.R. 1670 markup provides:

(5) The term "competitive procedures" means procedures under which an agency enters into a contract pursuant to full and open competition that provides open access and is consistent with the need to efficiently fulfill the Government's requirements.

(6) The term "open access," when used with respect to a procurement, means that all responsible sources are permitted to submit sealed bids or competitive proposals on the procurement.

(Emphasis added.) The key provision, of course, authorizes limitations or restrictions to be included in competitive procedures in order to fulfill the Government's requirements "efficiently." Anyone who is not worried about the implementation of such provisions in the procurement regulations should study the chaos and unnecessary costs caused by a poorly-drafted definition of "claim," compounded by erroneous interpretations of the regulation, as discussed in the very recent *en banc* decision of the Court of Appeals for the Federal Circuit in *Reflectone, Inc. v. Dalton*.<sup>396</sup>

#### The Competitive Range for Discussions

The "competitive range" refers to the proposals of offerors selected by the contracting officer for written or oral discussions.<sup>397</sup> A proposal in the administration's pending acquisition reform legislation, the Federal Acquisition Improvement Act of 1995<sup>398</sup> (H.R. 1388, S. 669), would authorize limitations to be placed on the number of offerors in the competitive range. Sections 1012 and 1062 provide:

If the contracting officer determines that the number of offerors that would otherwise be included in the competitive range under subparagraph (A)(i) exceeds the number at which an efficient competition can be conducted, the contracting officer may limit the number of offerors in the competitive range to the greatest number of competitors that will permit an efficient award; provided that when the competition is limited for this purpose, the number of offerors may not be limited to less than three.

The bill analysis explained this provision as follows:

This section would allow agencies to limit the number of offerors in the competitive range to no more than three when the

contracting officer determines that such action would provide for efficiently making an award. After initially evaluating each offeror's proposal, agencies now, according to General Accounting Office (GAO) and General Services Administration Board of Contract Appeals (GSBCA) decisions, must look for the "natural break" in making a competitive range determination. If there is any question as to whether an offeror should be included in the competitive range, the offeror is kept in the competitive range. The result is that agencies generally will not leave any offeror out of the competitive range unless that offeror clearly has no chance whatsoever of being awarded the contract.

This section would allow agencies to limit the number of offerors in the competitive range to three when the contracting officer determines that it is warranted by considerations of efficiency. In addition to enabling agencies to expedite the procurement process, limiting the size of the competitive range will allow offerors that do not have a real chance of receiving award to save time and money by being removed sooner rather than later.<sup>399</sup>

The immediate question raised by this provision is "What is efficient competition?" The next question is "Why is the provision necessary?"

The competitive range currently is defined to include "all proposals that have a reasonable chance of being selected for award."<sup>400</sup> The Comptroller General has held consistently that the determination of whether a proposal is within the competitive range is primarily within the contracting officer's *discretion* and will not be disturbed unless it was *unreasonable*.<sup>401</sup> The GSBCA also has said that the contracting officer has "broad discretion" in determining the competitive range, and the decision will not be disturbed unless it is "clearly unreasonable."<sup>402</sup> Thus, both the GAO and GSBCA review only for "reasonableness." Contracting officers' determinations of which proposals have a reasonable chance for award may be based on their "relative" standing to other proposals.<sup>403</sup> These determinations are really subjected to close scrutiny *only* where the result is a competitive range of *one*.<sup>404</sup> Even determinations resulting in a competitive range of *one* will not be disturbed in the absence of a clear showing that they were *unreasonable*.<sup>405</sup>

With the contracting officer's broad discretion recognized by both the Comptroller General and the GSBCA, and the "test" applied being only "reasonableness," why would a contracting officer *want* to exclude offerors that have a *reasonable chance* for award? When competitive ranges of "one" are routinely approved (albeit after "close scrutiny"), why is statutory authority to limit the number to "three" deemed necessary? It is difficult to see how "efficiency" could outweigh the benefits of competition.

An alternative approach is contained in an amendment to the defense bill adopted by the House June 14, which provides:

With respect to competitive proposals, the head of the agency may make a preliminary assessment of a proposal received, rather than a complete evaluation of the proposal and may eliminate the proposal from further consideration if the head of the agency determines the proposal has no chance for contract award.<sup>406</sup>

This provision would merely reflect an early exclusion from the competitive range and, essentially, would only confirm authority already exercised by contracting officers.<sup>407</sup>

### Conclusion

Most of our problems of "efficiency" in acquisitions are not caused by competition but by the lack of competition (or poor quality of competition). When the goals or "requirements" are ambiguous, when there are *no* rules or the rules are not *disclosed*, and when selections are made based on vague, indefinite, and subjective standards, protests can be expected, and potential competitors are lost. Indeed, the public and taxpayers are fortunate that the bid protest system provides a vehicle to expose the problems and serve as a protection against favoritism, excessive requirements, and other mischief. There is no more efficient way to "police" the procurement system than to have it done by the competitors themselves. They know the requirements, they know the government technical and contracts representatives, and they know each other. An army of auditors or inspectors general could not possibly perform "compliance reviews" as effectively as the bid protest system operates.

If Congress wants to make meaningful procurement reforms and reduce acquisition costs, attention should be directed toward *improving*, not reducing, competition. Training should be provided for those who *plan* for requirements and *define* the Government's needs in specifications and statements of work (which serve as the baseline for evaluating proposals). Standard evaluation factors, as objective as possible, should be established with required criteria for their application. Training should be provided for government technical personnel who evaluate proposals. Agencies should be required to recognize (or at least accept) that disclosing selection plans (and evaluation factors) and conducting source selections in the "purifying" sunlight will result in lower costs and fewer delays. Standards should be established for procurement officials, and those who are unwilling to accept the obligations of competition in source selection should be replaced. The monetary value of competition should be apparent from the Government's own studies cited earlier in this article.<sup>408</sup> If there is any remaining doubt regarding the benefits of competition, Congress should require all agencies to report each year all "competitive" awards that were not made to the offeror in the competitive range with the lowest price (and the amount of the difference). This should not be difficult, because, if a proposal did

not have a reasonable chance of being selected, it should have been excluded from the competitive range determination.

The proposals under consideration today will reduce the competition requirements under the guise of efficiency and of affording more flexibility and discretion to contracting officials. This efficiency, flexibility, and discretion will result in the "rules" of competition becoming even more vague and ambiguous. It is interesting that the lack of "rules" has led to litigation in recent years in recreational sports, such as softball, touch football, and "pickup" basketball. In one softball game, a runner slid into home plate and injured the catcher.

From that single play grew a six-year court battle that raised some unusual questions: Is sliding fair play? Is there a difference between "plowing" and "barreling" into another player? And what exactly did Ty Cobb mean when he said "the baseline belongs to the base runner?"<sup>409</sup>

Competition for government contracts is not a sport — it is a costly and serious business — but the problems of indefinite rules are applicable to both types of competition. Reducing the "rules" may well reduce competition itself. Each decision affecting the rules of competition affects the quality of competition. The lower the quality of competition, the more incidents of favoritism, collusion, fraud, and unnecessary expenditures can be expected. Before proposed "reforms" and "improvements" are embraced, careful attention should be paid to the fundamental rules of competition on which our procurement system has operated for nearly two centuries. We should look *backward* to the reasons for our traditional rules and *forward* to the impact and possible consequences of change.

There are even *contractors* who support reducing the rules of competition. They often do so, however, because they do not like, or will not accept, the "baggage" of government contract terms and conditions (which are not related to "competition"). These contractors should recall the colloquy between Sir Thomas More and Master Roper in the play, *A Man For All Seasons*,<sup>410</sup> in which Roper is shocked that More would give the Devil the benefit of the law (which More said he would do for his own safety's sake). That colloquy is paraphrased (very loosely) below, with More now in the role of a government contractor.

**Roper:**

Would you want even your competitors to have the benefit of the rules of competition?

**More:**

Yes! What would *you* do? Cut a great road through the rules to obtain your government contracts?

**Roper:**

I'd cut down every procurement rule in the country to get my contracts.

**More:**

Oh? And when the last rule is gone and your competitors become the Government's favored suppliers, how could you get contracts then with all the rules eliminated?

Our procurement system is planted thick with rules. If you cut out the rules, do you really think you would have a chance of getting government contracts if you had no protection from arbitrary government action, undisclosed requirements, restrictive specifications, favoritism, political influences, inside information, conflicts of interest, and even fraud?

Yes, I want to keep the competition rules for my own business' sake.

### Endnotes

<sup>1</sup> *Perkins v. Lukens Steel Co.*, 310 U.S. 113, 127 (1940).

<sup>2</sup> *United States v. New York & Porto Rico Steamship Co.*, 239 U.S. 88, 93 (1915).

<sup>3</sup> *Ellis v. United States*, 206 U.S. 246, 256 (1907).

<sup>4</sup> H.R. Rep. No. 1157, 98th Cong., 2d Sess. 18 (1984), quoted in *Project Software & Development, Inc.*, GSBCA No. 8471-P, 86-3 BCA ¶ 19,082 at 96,413.

<sup>5</sup> Senate Committee on Government Affairs, S. Rep. No. 98-50, 98th Cong., 2d Sess. (1984), 1984 U.S. Code Cong. & Admin. News 2174-5. This view was also recently expressed in a letter dated June 13, 1995, from the Department of Defense Inspector General to Congressman William F. Clinger, Jr., 141 Cong. Rec. H5926 (daily ed. June 14, 1995).

<sup>6</sup> *United States v. Brookridge Farm, Inc.*, 111 F.2d 461, 463 (10th Cir. 1940).

<sup>7</sup> *J. L. Manta, Inc. v. Braun*, 376 N.W.2d 466 (Minn. Ct. App. 1985); *accord Sterrett v. Bell*, 240 S.W.2d 516, 520 (Tex. Civ. App.—Dallas 1951).

<sup>8</sup> *L & R Rail Service*, B-256341, June 10, 1994, 94-1 CPD ¶ 356 at 3.

<sup>9</sup> Title VII of the Deficit Reduction Act of 1984, Pub. L. No. 98-369, 98 Stat. 494, 1175 (1984).

<sup>10</sup> *Allfast Fastening Systems, Inc.*, B-251315, 93-1 CPD ¶ 266 (n.3 at 6).

<sup>11</sup> Statement of Thomas D. Morris, Assistant Secretary of Defense (Installations and Logistics), Sept. 2, 1962, to the Select Committee on Small Business, *The Role of Small Business in Government Procurement—1962-1963*, Hearings Before the Select Committee on Small Business 5, 87th Cong., 2d Sess. (Sept. 12, 1962).

<sup>12</sup> Background Material on Economic Aspects of Military Procurement and Supply, Joint Economic Committee of the Congress of the United States at 69, 88th Cong., 1st. Sess. (1963).

<sup>13</sup> *American Sterilizer Co.*, B-223493, Oct. 31, 1986, 86-2 CPD ¶ 503 at 4.

<sup>14</sup> S. Rep. No. 98-50, note 5, *supra* at 2176.

<sup>15</sup> *Id.*

<sup>16</sup> 1 Report of the Commission on Government Procurement 163-64 (Dec. 31, 1972).

<sup>17</sup> 2 Stat. 536 (1809).

<sup>18</sup> Sec. 10 of Act of March 2, 1861, 12 Stat. 214, 220.

<sup>19</sup> Revised Statutes of the United States § 3709 (1873-1874).

<sup>20</sup> 18 Comp. Gen. 285, 293 (1938); 10 Comp. Gen. 294, 301 (1931).

<sup>21</sup> 20 Comp. Gen. 903, 907 (1941); See 17 Comp. Gen. 789 (1938) ("free and open").

<sup>22</sup> 32 Comp. Gen. 384 (1953).

<sup>23</sup> Quoted in Nash & Cibinic, *Federal Procurement Law* 222, 230 (George Washington Univ., 2d ed. 1969).

<sup>24</sup> Title II of the First War Power Act, 55 Stat. 839 (1941).

<sup>25</sup> Letter dated January 13, 1947, from Acting Secretary of the Navy to the Speaker of the House of Representatives, included in S. Rep. No. 571 (July 16, 1947), 2 U.S. Code Cong. Serv. 1048, 1075, 80th Cong., 2d Sess. (1948).

<sup>26</sup> 62 Stat. 21 (Feb. 19, 1948).

<sup>27</sup> *Id.*

<sup>28</sup> 70A Stat. 130 (1956).

<sup>29</sup> Letter dated Jan. 17, 1947, from Secretary of War to the Speaker of the House of Representatives included in S. Rep. No. 571, note 25, *supra*.

<sup>30</sup> S. Rep. No. 571 at 1, note 25, *supra*.

<sup>31</sup> 63 Stat. 377, 395 (June 30, 1949).

<sup>32</sup> S. Rep. No. 98-50 at 5, note 5, *supra*.

<sup>33</sup> *Id.* at 9.

<sup>34</sup> *Id.* at 17.

<sup>35</sup> CICA § 2711(a)(1), note 9, *supra*; 41 U.S.C. § 253.

<sup>36</sup> CICA § 2723(b), note 9, *supra*; 10 U.S.C. § 2305.

<sup>37</sup> 10 U.S.C. § 2305(a)(1)(B)(ii); 41 U.S.C. § 253a(a)(2)(B).

<sup>38</sup> Conference Report on the Deficit Reduction Act of 1984, H.R. Rep. No. 98-861, 98th Cong., 2d Sess. at 1429 (1984), 1984 U.S. Code Cong. & Admin. News 2117.

<sup>39</sup> *Id.* at 1422.

<sup>40</sup> *Id.* See James LaMantia, B-245287, Dec. 23, 1991, 91-2 CPD ¶ 574 at 2-3.

<sup>41</sup> Section 2731 of CICA amended the Office of Federal Procurement Policy Act, 41 U.S.C. § 403, to add these definitions.

<sup>42</sup> 41 U.S.C. § 418.

<sup>43</sup> *Businessland, Inc.*, GSBCA No. 8586-P-R, 86-3 BCA ¶ 19,288 at 97,513.

<sup>44</sup> 10 U.S.C. § 2304(c)(1); 41 U.S.C. § 253(c)(1); FAR § 6.302-1.

<sup>45</sup> *Id.* See Ames-Avon Indus., B-227839.3, July 20, 1987, 87-2 CPD ¶ 71.

<sup>46</sup> FAR § 6.302-1(a)(2).

<sup>47</sup> 10 U.S.C. § 2304(c)(2); 41 U.S.C. § 253(c)(2); FAR § 6.302-2.

<sup>48</sup> 10 U.S.C. § 2304(e); 41 U.S.C. § 253(e).

<sup>49</sup> *Honeycomb Co.*, B-227070, Aug. 31, 1987, 87-2 CPD ¶ 209.

<sup>50</sup> *IMR Systems Corp.*, B-222465, July 7, 1986, 86-2 CPD ¶ 36.

<sup>51</sup> 10 U.S.C. § 2304(c)(3); 41 U.S.C. § 253(c)(3); FAR § 6.302-3. See *Propper International, Inc.*, B-229888, Mar. 22, 1988, 88-1 CPD ¶ 296.

<sup>52</sup> 10 U.S.C. § 2304(c)(4); 41 U.S.C. § 253(c)(4); FAR § 6.302-4.

<sup>53</sup> *Kahn Indus., Inc.*, B-225491, Mar. 26, 1987, 87-1 CPD ¶ 343. See *Group Technologies Corp.*, B-250699, Feb. 17, 1993, 93-1 CPD ¶ 150.

<sup>54</sup> 10 U.S.C. § 2304(c)(5); 41 U.S.C. § 253(c)(5); FAR § 6.302-5.

<sup>55</sup> FAR § 6.302-5.

<sup>56</sup> 10 U.S.C. § 2304(c)(6); 41 U.S.C. § 253(c)(6); FAR § 6.302-6.

<sup>57</sup> *Federal Labs Systems*, B-224258, Feb. 4, 1987, 87-1 CPD ¶ 111.

<sup>58</sup> 10 U.S.C. § 2304(c)(7); 41 U.S.C. § 253(c)(7); FAR § 6.302-7.

<sup>59</sup> *Acumenics Research & Technology, Inc.*, B-224702, Aug. 5, 1987, 87-2 CPD ¶ 128.

<sup>60</sup> 10 U.S.C. § 2304(g); 41 U.S.C. § 253(g). See *Omni Elevator Co.*, B-246393, Mar. 6, 1992, 92-1 CPD ¶ 264; see also *Helitune, Inc.*, B-243617.2, Mar. 16, 1992, 92-1 CPD ¶ 285.

<sup>61</sup> *Tecom Industries, Inc.*, B-236371, Dec. 5, 1989, 89-2 CPD ¶ 516.

<sup>62</sup> S. Rep. No. 571, 2 U.S. Code Cong. Serv. 1048, 1064, 80th Cong., 2d Sess. (1948); H.R. Rep. No. 670, 2 U.S. Code Cong. Serv. 1475, 1498, 81st Cong., 1st Sess. (1949).

<sup>63</sup> FAR Part 14.

<sup>64</sup> FAR Part 15.

<sup>65</sup> S. Rep. No. 98-50, 98th Cong., 2d Sess. (1984), 1984 U.S. Code & Admin. News 2174, 2191.

<sup>66</sup> Note 40, *supra*, and accompanying text.

<sup>67</sup> Note 38, *supra*, and accompanying text.

<sup>68</sup> Source selection procedures are designed to "maximize competition." FAR § 15.603(a).

<sup>69</sup> *CRC Systems, Inc.*, GSBCA No. 9385-P, 88-2 BCA ¶ 20,665 at 104,436; *NUS Corp.*, B-221863, June 20, 1986, 86-1 CPD ¶ 574; *Descomp, Inc.*, B-220085.2, Feb. 19, 1986, 86-1 CPD ¶ 172.

<sup>70</sup> *Military Waste Management, Inc.*, B-240769.3, Feb. 7, 1991, 91-1 CPD ¶ 135.

<sup>71</sup> *DSI, Inc.*, GSBCA No. 8568-P, 87-1 BCA ¶ 19,407.

<sup>72</sup> Note 37, *supra*.

<sup>73</sup> *Allfast Fastening Systems, Inc.*, B-251315, Mar. 25, 1993, 93-1 CPD ¶ 266 at 5; *Pacific Scientific Co.*, B-231175, Aug. 30, 1988, 88-2 CPD ¶ 193.

<sup>74</sup> See, e.g., *James LaMantia*, B-245287; Dec. 23, 1991, 91-2 CPD ¶ 574; *Kahr Bearing*, B-228550.2, Feb. 25, 1988, 88-1 CPD ¶ 192; *Packaging Corp.*, B-225823, July 20, 1987, 87-2 CPD ¶ 65.

<sup>75</sup> *Trimble Navigation, Ltd.*, B-247913, July 13, 1992, 92-2 CPD ¶ 17.

<sup>76</sup> 41 U.S.C. § 403(7)(B); *Transtar Aerospace, Inc.*, B-239467, Aug. 16, 1990, 90-2 CPD ¶ 134.

<sup>77</sup> *Old Dominion Security*, ASBCA No. 40062, 91-3 BCA ¶ 24,173 at 120,918.

<sup>78</sup> *North American Reporting, Inc.*, B-198448, Nov. 18, 1980, 80-2 CPD ¶ 364.

<sup>79</sup> 39 Comp. Gen. 570 (1960). *Accord* 51 Comp. Gen. 518 (1972) (solicitation permitting deviations from specifications do not "generally" permit free and equal competitive bidding).

<sup>80</sup> 10 U.S.C. § 2305(a)(1)(A)(i) and (B)(i); 41 U.S.C. § 253a(a)(1)(A) and (2)(B).

<sup>81</sup> *Adventure Tech, Inc.*, B-253520, Sept. 29, 1993, 93-2 CPD ¶ 202.

<sup>82</sup> *Bishop Contractors, Inc.*, B-246526, Dec. 17, 1991, 91-2 CPD ¶ 555; n.2 at 3.

<sup>83</sup> *CPT Corp.*, GSBCA No. 8134-P-R, Jan. 28, 1986, 86-1 BCA ¶ 18,727 at 94,239.

<sup>84</sup> *Container Products Corp.*, B-255883, April 13, 1994, 94-1 CPD ¶ 255.

<sup>85</sup> 10 U.S.C. § 2305(b)(1); 41 U.S.C. § 253b(a).

<sup>86</sup> *Aydin Corp.*, B-227817, Sept. 28, 1987, 87-2 CPD ¶ 306.

<sup>87</sup> *Resource Consultants, Inc.*, GSBCA No. 8342-P, April 17, 1986, 86-2 BCA ¶ 18,942 at 95,677.

<sup>88</sup> 10 U.S.C. § 2305(a)(2); 41 U.S.C. § 253a(b).

<sup>89</sup> Pub. L. No. 103-355 (Oct. 13, 1994), 108 Stat. 3243, §§ 1011 and 1061.

<sup>90</sup> 10 U.S.C. § 2305(b); 41 U.S.C. § 253b(c) and (d).

<sup>91</sup> *Vac-Hyd Corp.*, B-216840, July 1, 1985, 85-2 CPD ¶ 2.

<sup>92</sup> *Professional Data Systems*, GSBCA No. 8475-P, 86-3 BCA ¶ 19,083 at 96,422.

<sup>93</sup> *Abel Converting Co.*, B-229065, Jan. 15, 1988, 88-1 CPD ¶ 40.

<sup>94</sup> *Uniform Rental Services*, B-228293, Dec. 9, 1987, 87-2 CPD ¶ 571. *Accord Abel Converting Co.*, note 93, *supra*.

<sup>95</sup> *W. H. Smith Hardware Co.—Recon.*, B-222045.2, July 1, 1986, 86-2 CPD ¶ 1.

<sup>96</sup> *Cycad Corp.*, B-255870, April 12, 1994, 94-1 CPD ¶ 253; *Engine & Generator Rebuilders*, B-220157, Jan. 13, 1986, 86-1 CPD ¶ 27.

<sup>97</sup> *Julie Research Laboratories, Inc.*, GSBCA No. 9474-P, 88-3 BCA ¶ 20,966 at 105,954-55. The Comptroller General also expressed this view, saying: "it would seem that necessarily all specifications are restrictive in the sense that the requirements they establish, whether reasonable or not, preclude the purchase of nonconforming items . . ." Unpub. Comp. Gen. B-168278 (Mar. 30, 1970).

<sup>98</sup> 1 Comp. Dec. 363, 364 (April 10, 1895).

<sup>99</sup> *Harbor Branch Oceanographic Institution, Inc.*, B-243417, July 17, 1991, 91-2 CPD ¶ 67.

<sup>100</sup> *ViON Corp.*, B-256363, June 15, 1994, 94-1 CPD ¶ 373. In this case, the Comptroller General held that the language of the specification did not express the agency's minimum needs and was "overly restrictive."

<sup>101</sup> *Science Pump Corp.*, B-255803, April 4, 1994, 94-1 CPD ¶ 227.

<sup>102</sup> *Integrated Systems Group, Inc. v. Department of the Army*, GSBCA No. 12417-P, 94-1 BCA ¶ 26,273 at 130,716.

<sup>103</sup> *Argus Research Corp.*, B-249055, Oct. 20, 1992, 92-2 CPD ¶ 260.

<sup>104</sup> *Id.*

<sup>105</sup> *Keeson, Inc.*, B-245625, Jan. 24, 1992, 92-1 CPD ¶ 108.

<sup>106</sup> FAR § 9.201. The use of the qualified products list is inherently restrictive of competition and may be used only where the application is not unnecessarily restrictive. *McGean-Rohco, Inc.*, B-218616, Aug. 7, 1985, 85-2 CPD ¶ 140.

<sup>107</sup> *Stevens Technical Services, Inc.*, B-250515.2, May 17, 1993, 93-1 CPD ¶ 385, n.8.

<sup>108</sup> *Tura Machine Co.*, B-241426, Feb. 4, 1991, 91-1 CPD ¶ 114.

<sup>109</sup> *Interstate Diesel Services, Inc.*, B-230107, May 20, 1988, 88-1 CPD ¶ 480.

<sup>110</sup> *Goodyear Tire & Rubber Co.*, B-247363.6, Oct. 23, 1992, 92-2 CPD ¶ 315.

<sup>111</sup> 10 U.S.C. § 2319; 41 U.S.C. § 253c.

<sup>112</sup> *Advanced Seal Technology, Inc.*, B-249855.2, Feb. 15, 1993, 93-1 CPD ¶ 137; *BWC Technologies, Inc.*, B-242734, May 16, 1991, 91-1 CPD ¶ 474.

<sup>113</sup> *Alpha Technical Services, Inc.*, B-251147, Mar. 15, 1993, 93-1 CPD ¶ 234.

<sup>114</sup> *Electro-Methods, Inc.*, B-255023.3, Mar. 4, 1994, 94-1 CPD ¶ 173.

<sup>115</sup> *Advanced Seal Technology, Inc.*, note 112, *supra*.

<sup>116</sup> *Lambda Signatics, Inc.*, B-257756, Nov. 7, 1994, 94-2 CPD ¶ 175; *Sargent & Greenleaf, Inc.*, B-255604.3, Mar. 22, 1994, 94-1 CPD ¶ 208.

<sup>117</sup> *Iowa-Illinois Cleaning Co.*, B-254805, Jan. 18, 1994, 94-1 CPD ¶ 22

<sup>118</sup> *PBSI Corp.*, B-227897, Oct. 5, 1987, 87-2 CPD ¶ 333.

<sup>119</sup> *Cobra Technologies, Inc.*, B-249323, Oct. 30, 1992, 92-2 CPD ¶ 310; *Roger L. Herbst*, B-244773, Nov. 19, 1991, 91-2 CPD ¶ 476.

<sup>120</sup> *Remtech, Inc.*, B-240402.5, Jan. 4, 1991, 91-1 CPD ¶ 35; *J & J Maintenance, Inc.*, B-239035, July 16, 1990, 90-2 CPD 35. See *Taina U.S. Inc.*, B-240892, Dec. 21, 1990, 90-2 CPD ¶ 517 (continuous operation merely "necessary").

<sup>121</sup> *Aspen Cleaning Corp.*, B-233983, Mar. 21, 1989, 89-1 CPD ¶ 289.

<sup>122</sup> *Maintrac Corp.*, B-251500, Mar. 22, 1993, 93-1 CPD ¶ 257

<sup>123</sup> *Triple P Services, Inc.*, B-249443, Oct. 30, 1992, 92-2 CPD ¶ 313.

<sup>124</sup> *The Sequoia Group, Inc.*, B-252016, May 24, 1993, 93-1 CPD ¶ 405.

<sup>125</sup> *Resource Consultants, Inc.*, B-255053, Feb. 1, 1994, 94-1 CPD ¶ 59.

<sup>126</sup> *Allfast Fastening Systems, Inc.*, B-251315, Mar. 25, 1993, 93-1 CPD ¶ 266.

<sup>127</sup> *Space Vector Corp.*, B-253295.2, Nov. 8, 1993, 93-2 CPD ¶ 273.

<sup>128</sup> *Titan Dynamics Simulations, Inc.*, B-257559, Oct. 13, 1994, 94-2 CPD ¶ 139; *Institutional Communications Co.*, B-233058.5, Mar. 18, 1991, 91-1 CPD ¶ 292.

<sup>129</sup> *Electro-Methods, Inc.*, B-239141.2, Nov. 5, 1990, 90-2 CPD ¶ 363.

<sup>130</sup> *Batch-Air, Inc.*, B-204574, Dec. 29, 1981, 81-2 CPD ¶ 509.

<sup>131</sup> *TLC Services, Inc.*, B-254972.2, Mar. 30, 1994, 94-1 CPD ¶ 235.

<sup>132</sup> *Astro-Valcour, Inc.*, B-257485, Oct. 6, 1994, 94-2 CPD ¶ 129.

<sup>133</sup> *Precision Photo Laboratories Inc.*, B-251719, April 29, 1993, 93-1 CPD ¶ 359.

<sup>134</sup> *The Sequoia Group, Inc.*, B-252016, May 24, 1993, 93-1 CPD ¶ 405.

<sup>135</sup> *National Customer Engineering*, B-251135, Mar. 11, 1993, 93-1 CPD ¶ 225.

<sup>136</sup> *Eastern Trans-Waste Corp.*, B-214805, July 30, 1984, 84-2 CPD ¶ 126.

<sup>137</sup> *Southwestern Bell Telephone Co.*, B-231822, Sept. 29, 1988, 88-2 CPD ¶ 300.

<sup>138</sup> *Tucson Mobilephone, Inc.*, B-256802, July 27, 1994, 94-2 CPD ¶ 45.

<sup>139</sup> *Chicago City Wide College*, B-218433, Aug. 6, 1985, 85-2 CPD ¶ 133; *Chicago City-Wide College*, B-212274, Jan. 4, 1984, 84-1 CPD ¶ 51.

<sup>140</sup> *Allfast Fastening Systems, Inc.*, B-251315, Mar. 25, 1993, 93-1 CPD ¶ 266.

<sup>141</sup> *D. Moody & Co.*, B-185647, Sept. 1, 1976, 76-2 CPD ¶ 211.

<sup>142</sup> *Vac-Hyd Corp.*, B-216840, July 1, 1985, 85-2 CPD ¶ 2.

<sup>143</sup> *King-Fisher Co.*, B-256849, July 28, 1994, 94-2 CPD ¶ 62; *Tek Contracting, Inc.*, B-245590, Jan. 17, 1992, 92-1 CPD ¶ 90.

<sup>144</sup> *Talon Manufacturing Co.*, B-257536, Oct. 14, 1994, 94-2 CPD ¶ 140.

<sup>145</sup> *G. H. Harlow Co.*, B-254839, Jan. 21, 1994, 94-1 CPD ¶ 29.

<sup>146</sup> *I.T.S. Corp.*, B-243223, July 15, 1991, 91-2 CPD ¶ 55.

<sup>147</sup> *Marine Transport Lines, Inc.*, B-224480.5, July 27, 1987, 87-2 CPD ¶ 91.

<sup>148</sup> *Software City*, B-217542, April 26, 1985, 85-1 CPD ¶ 475.

<sup>149</sup> *Marlen C. Robb & Son, Boatyard & Marina, Inc.*, B-256516, June 28, 1994, 94-1 CPD ¶ 392.

<sup>150</sup> *Microwave Radio Corp.*, B-227962, Sept. 21, 1987, 87-2 CPD ¶ 288.

<sup>151</sup> *GE American Communications, Inc.*, B-248575, Sept. 4, 1992, 92-2 CPD ¶ 155; *Yale Materials Handling Corp.*, B-230209, Mar. 23, 1988, 88-1 CPD ¶ 302.

<sup>152</sup> *AAA Engineering & Drafting, Inc.*, B-237383, Jan. 22, 1990, 90-1 CPD ¶ 87; *Shoney's Inn*, B-231113, June 24, 1988, 88-1 CPD ¶ 609.

<sup>153</sup> *Westcott General*, B-241570, Feb. 5, 1991, 91-1 CPD ¶ 120.

<sup>154</sup> *NFI Management Co.*, B-240788, Dec. 12, 1990, 90-2 CPD ¶ 484.

<sup>155</sup> *Canal Claiborne Ltd.*, B-244211, Sept. 23, 1991, 91-2 CPD ¶ 266.

<sup>156</sup> *Pamela A. Lamberti*, B-227849, Sept. 28, 1987, 87-2 CPD ¶ 308.

<sup>157</sup> *CardioMetrix*, B-250247, Dec. 14, 1992, 92-2 CPD ¶ 414.

<sup>158</sup> *Leo Kanner Assoc.*, B-194327, Nov. 5, 1979, 79-2 CPD ¶ 318. See *Bartow Group*, B-217155, Mar. 18, 1985, 85-1 CPD ¶ 320.

<sup>159</sup> *Anglo American Auto Auctions, Inc.*, B-242538, April 29, 1991, 91-1 CPD ¶ 416.

<sup>160</sup> *Days Inn Marina*, B-254913, Jan. 18, 1994, 94-1 CPD ¶ 23.

<sup>161</sup> *Ramada Inn of Des Moines*, B-233504, Feb. 6, 1989, 89-1 CPD ¶ 123.

<sup>162</sup> *Blaine Hudson Printing*, B-247004, April 22, 1992, 92-1 CPD ¶ 380.

<sup>163</sup> *Pacific Bell Telephone Co.*, B-231403, July 27, 1988, 88-2 CPD ¶ 93.

<sup>164</sup> *Pacific Architects & Engineers Inc.*, B-240310, Nov. 2, 1990, 90-2 CPD ¶ 359.

<sup>165</sup> *Computer Maintenance Operations Services*, B-255530, Feb. 23, 1994, 94-1 CPD ¶ 170; *G. S. Link & Assoc.*, B-229604, Jan. 25, 1988, 88-1 CPD ¶ 70.

<sup>166</sup> *Phillips Cartner & Co.*, B-224370.2, Oct. 2, 1986, 86-2 CPD ¶ 382.

<sup>167</sup> *Chi Corp.*, B-224019, Dec. 3, 1986, 86-2 CPD ¶ 634.

<sup>168</sup> *Id.*

<sup>169</sup> *Libby Corp.*, B-220392, Mar. 7, 1986, 86-1 CPD ¶ 227.

<sup>170</sup> 10 U.S.C. § 2304(e); 41 U.S.C. § 253(e).

<sup>171</sup> *Immunalysis/Diagnostixx of California Corp.*, B-254386, Dec. 8, 1993, 93-2 CPD ¶ 309.

<sup>172</sup> *Sargent & Greenleaf, Inc.*, B-255604.3, Mar. 22, 1994, 94-1 CPD ¶ 208; *Colbar, Inc.*, B-230754, June 13, 1988, 88-1 CPD ¶ 562.

<sup>173</sup> *DOD Contracts, Inc.*, B-250603.2, Mar. 3, 1993, 93-1 CPD ¶ 195.

<sup>174</sup> *Equa Industries, Inc.*, B-257197, Sept. 6, 1994, 94-2 CPD ¶ 96.

<sup>175</sup> *AUL Instruments, Inc.*, B-186319, Sept. 1, 1976, 76-2 CPD ¶ 212.

<sup>176</sup> *Camar Corp.*, B-253016, Aug. 11, 1993, 93-2 CPD ¶ 94.

<sup>177</sup> *Bironas, Inc.*, B-249428, Nov. 23, 1992, 92-2 CPD ¶ 365; *Constantine N. Polites & Co.*, B-239389, Aug. 16, 1990, 90-2 CPD ¶ 132; *M. C. & D. Capital Corp.*, B-225830, July 10, 1987, 87-2 CPD ¶ 32.

<sup>178</sup> *Fry Communications, Inc.*, B-220451, Mar. 18, 1986, 86-1 CPD ¶ 265.

<sup>179</sup> *Pem All Fire Extinguisher Corp.*, B-231478, July 27, 1988, 88-2 CPD ¶ 95.

<sup>180</sup> *Coastal Computer Consultants Corp.*, B-253359, Sept. 7, 1993, 93-2 CPD ¶ 155.

<sup>181</sup> *DGS Contract Services, Inc.*, B-249845.2, Dec. 23, 1992, 92-2 CPD ¶ 435.

<sup>182</sup> *Coastal Computer Consultants Corp. v. Department of Commerce*, GSBCA No. 12869-P, 94-3 BCA ¶ 27,151; *InSyst Corp.*, GSBCA No. 9946-P, 89-2 BCA ¶ 21,782.

<sup>183</sup> *Lionhart Group, Ltd.*, B-257715, Oct. 31, 1994, 94-2 CPD ¶ 170.

<sup>184</sup> *Procurement: Better Compliance With the Competition in Contracting Act Is Needed*, GAO/NSIAD-87-145 (Aug. 26, 1987).

<sup>185</sup> *Procurement: Efforts Still Needed to Comply With the Competition in Contracting Act*, GAO/NSIAD-90-104 (May 1990).

<sup>186</sup> *American Sterilizer Co.*, B-223493, Oct. 31, 1986, 86-2 CPD ¶ 503.

<sup>187</sup> *Defense Inventory: Extent of Diminishing Manufacturing Sources Problems Still Unknown*, GAO/NSIAD-95-85 at 1 (April 1995).

<sup>188</sup> *Id.* at 1-2.

<sup>189</sup> *East West Research, Inc.*, B-239919, Aug. 28, 1990, 90-2 CPD ¶ 172; *Nasuf Construction Corp.—Recon.*, B-219733.2, Mar. 18, 1986, 86-1 CPD ¶ 263.

<sup>190</sup> 10 U.S.C. § 2305(a)(1)(A)(iii); 41 U.S.C. § 253a(a), (c); FAR § 10.004(a)(1).

<sup>191</sup> *Maremont Corp.*, B-186276, Aug. 20, 1976, 76-2 CPD ¶ 181.

<sup>192</sup> Note 79, *supra*, and accompanying text.

<sup>193</sup> *Triple P Services, Inc.*, B-220437.3, April 3, 1986, 86-1 CPD ¶ 318.

<sup>194</sup> *Arthur Young & Co.*, B-216643, May 24, 1985, 85-1 CPD ¶ 598.

<sup>195</sup> *Federal Computer Corp.*, B-223932, Dec. 10, 1986, 86-2 CPD ¶ 665.

<sup>196</sup> *Communications Corps, Inc.*, B-179994, April 3, 1974, 74-1 CPD ¶ 168.

<sup>197</sup> *Consolidated Devices, Inc.—Recon.*, B-225602.2, Mar. 24, 1987, 87-1 CPD ¶ 437.

<sup>198</sup> See *Interface Flooring Systems, Inc.*, B-217174, Mar. 4, 1987, 87-1 CPD ¶ 247.

<sup>199</sup> *Harris Corp.*, B-217174, April 22, 1987, 87-1 CPD ¶ 455.

<sup>200</sup> *Express Signs International*, B-227144, Sept. 14, 1987, 87-2 CPD ¶ 243; *Korean Maintenance Co.*, B-223780, Oct. 2, 1986, 86-2 CPD ¶ 379.

<sup>201</sup> *ACRAN, Inc.*, B-225654, May 14, 1987, 87-1 CPD ¶ 509 at 7-8.

<sup>202</sup> *Parker's Mechanical Contractors, Inc.*, ASBCA No. 32842, 88-1 BCA ¶ 20,472. *Accord Electrical Contracting Corp. of Guam, Inc.*, ASBCA No. 33136, 90-3 BCA ¶ 22,974.

<sup>203</sup> *Loral Fairchild Corp.*, B-242957, June 24, 1991, 91-1 CPD ¶ 594.

<sup>204</sup> Note 185, *supra*, at 7.

<sup>205</sup> *Community Heating & Plumbing Co. v. Kelso*, 987 F.2d 1575 (Fed. Cir. 1993); *Technocratica*, ASBCA No. 44134, 94-2 BCA ¶ 26,606.

<sup>206</sup> *Fort Vancouver Plywood Co. v. United States*, 860 F.2d 409, 414 (Fed. Cir. 1988).

<sup>207</sup> *Henry Shirek*, ASBCA No. 28414, 86-1 BCA ¶ 18,560.

<sup>208</sup> *Premiere Vending*, B-256437, June 23, 1994, 94-1 CPD ¶ 380; *U.S. Defense Systems, Inc.*, B-251544, Mar. 30, 1993, 93-1 CPD ¶ 279.

<sup>209</sup> See notes 88 and 89, *supra*, and accompanying text.

<sup>210</sup> *C3, Inc.*, B-241983.2, Mar. 13, 1991, 91-1 CPD ¶ 279.

<sup>211</sup> *G. Marine Diesel*, B-232619, Jan. 27, 1989, 89-1 CPD ¶ 90.

<sup>212</sup> *PCB Piezotronics, Inc.*, B-254046, Nov. 17, 1993, 93-2 CPD ¶ 286; *A. J. Fowler Corp.*, B-233326, Feb. 16, 1989, 89-1 CPD ¶ 166.

<sup>213</sup> FAR § 15.605(e); *North-East Imaging, Inc.*, B-256281, June 1, 1994, 94-1 CPD ¶ 332; *Lewis & Smith Construction Co.*, B-253382, Sept. 8, 1993, 93-2 CPD ¶ 150; *T. H. Taylor, Inc.*, B-227143, Sept. 15, 1987, 87-2 CPD ¶ 252.

<sup>214</sup> *Mandex, Inc.*, B-241759, Mar. 5, 1991, 91-1 CPD ¶ 244. *Accord Essex Electro Engineers, Inc.*, B-252288.2, July 23, 1993, 93-2 CPD ¶ 47.

<sup>215</sup> *J. A. Jones Management Services, Inc.*, B-254941.2, Mar. 16, 1994, 94-1 CPD ¶ 244.

<sup>216</sup> *Teledyne Brown Engineering*, B-258078, Dec. 6, 1994, 94-2 CPD ¶ 223.

<sup>217</sup> *Loral Aerospace Corp.*, B-258817, Feb. 21, 1995, 95-1 CPD ¶ 97.

<sup>218</sup> *Chadwick-Helmuth Co.*, B-238645.2, Nov. 19, 1990, 90-2 CPD ¶ 400.

<sup>219</sup> *Princeton Gamma-Tech, Inc.*, B-228052.2, Feb. 17, 1988, 88-1 CPD ¶ 175. The Request for Proposals said proposals must reflect if the product "meets or exceeds" the specifications, but it did not indicate points would be scored for exceeding the performance requirements.

<sup>220</sup> *Astrophysics Research Corp.*, B-228718.3, Feb. 18, 1988, 88-1 CPD ¶ 167 at 4.

<sup>221</sup> See *Able-One Refrigeration, Inc.*, B-244695, Oct. 28, 1991, 91-2 CPD ¶ 384; *Power Conversion, Inc.*, B-239301, Aug. 20, 1990, 90-2 CPD ¶ 145.

<sup>222</sup> *American Development Corp.*, B-251876.4, July 12, 1993, 93-2 CPD ¶ 49.

<sup>223</sup> CICA § 2711(a)(1), 2723, note 9, *supra*.

<sup>224</sup> 50 Fed. Reg. 1726, 1740 (Jan. 11, 1985).

<sup>225</sup> *Hydroscience, Inc.*, B-227989, Nov. 23, 1987, 87-2 CPD ¶ 501; *Engineering Consultants & Publications—Recon.*, B-225982.5, June 16, 1987, 87-1 CPD ¶ 598.

<sup>226</sup> *Coopers & Lybrand*, B-224213, Jan. 30, 1987, 87-1 CPD ¶ 100.

<sup>227</sup> *Hoffman Management, Inc.*, B-238752, July 6, 1990, 90-2 CPD ¶ 15.

<sup>228</sup> *Ward/Hall Associates AIA*, B-226714, June 17, 1987, 87-1 CPD ¶ 605.

<sup>229</sup> Section 802(a), National Defense Authorization Act for Fiscal Year 1991, Pub. L. No. 101-510, 105 Stat. 1588 (Nov. 5, 1990), amended by 10 U.S.C. § 2305(a)(2)(A).

<sup>230</sup> H.R. Rep. No. 101-665, 101st Cong., 2d Sess., 1990 U.S. Code Cong. & Admin. News 2931, 3029.

<sup>231</sup> *Macro Service Systems, Inc.*, B-246103, Feb. 19, 1992, 92-1 CPD ¶ 200.

<sup>232</sup> *DeLima Assoc.*, B-258278.2, Dec. 20, 1994, 94-2 CPD ¶ 253.

<sup>233</sup> *Avogadro Energy Systems*, B-244106, Sept. 9, 1991, 91-2 CPD ¶ 229.

<sup>234</sup> *Teledyne Brown Engineering*, B-258078, Dec. 6, 1994, 94-2 CPD ¶ 223; *Specialized Technical Services, Inc.*, B-247489.2, June 11, 1992, 92-1 CPD ¶ 510.

<sup>235</sup> *Information Systems Networks, Inc.*, B-254384.3, Jan. 21, 1994, 94-1 CPD ¶ 27.

<sup>236</sup> *Information Spectrum, Inc.*, B-256609.3, Sept. 1, 1994, 94-2 CPD ¶ 251.

<sup>237</sup> *System Resources, Inc. v. Department of the Navy*, GSBCA No. 12536-P, 94-1 BCA ¶ 26,388 at 131,282.

<sup>238</sup> *Richard S. Cohen*, B-256017.4, June 27, 1994, 94-1 CPD ¶ 382 at 6.

- <sup>239</sup> *Sunbelt Properties, Inc.*, B-249469, Nov. 17, 1992, 92-2 CPD ¶ 353.
- <sup>240</sup> *Scientex Corp.*, B-238689, June 29, 1990, 90-1 CPD ¶ 597.
- <sup>241</sup> *Eagle Research Group, Inc.*, B-230050, May 13, 1988, 88-2 CPD ¶ 123.
- <sup>242</sup> *White Water Assocs., Inc.*, B-244467, Oct. 22, 1991, 91-2 CPD ¶ 356.
- <sup>243</sup> *donald clark Assocs.*, B-253387, Sept. 15, 1993, 93-2 CPD ¶ 168 at 4.
- <sup>244</sup> *A & W Maintenance Services, Inc.*, B-255711, Mar. 25, 1994, 94-1 CPD ¶ 214.
- <sup>245</sup> See, e.g., *N W Ayer Inc.*, B-248654, Sept. 3, 1992, 92-2 CPD ¶ 154.
- <sup>246</sup> *Colbar, Inc.*, B-227555.4, Feb. 19, 1988, 88-1 CPD ¶ 168.
- <sup>247</sup> See, e.g., *S and T Services*, B-252359, June 15, 1993, 93-1 CPD ¶ 464; *Cook Travel*, B-238527, June 13, 1990, 90-1 CPD ¶ 571.
- <sup>248</sup> *Centex Construction Co.*, B-238777, June 14, 1990, 90-1 CPD ¶ 566.
- <sup>249</sup> *Telos Field Engineering*, B-253492.6, Dec. 15, 1994, 94-2 CPD ¶ 240.
- <sup>250</sup> See *Telos Field Engineering*, B-251384, March 26, 1993, 93-1 CPD ¶ 271.
- <sup>251</sup> See *Telos Field Engineering*, note 249, *supra*; *S & G Industries, Inc.*, B-255263, Feb. 1, 1994, 94-1 CPD ¶ 81.
- <sup>252</sup> *SDA Inc.*, B-256075, May 2, 1994, 94-2 CPD ¶ 71.
- <sup>253</sup> *Bell Free Contractors, Inc.*, B-227576, Oct. 30, 1987, 87-2 CPD ¶ 418.
- <sup>254</sup> *Bionetics Corp.*, B-258106, Dec. 9, 1994, 94-2 CPD ¶ 231.
- <sup>255</sup> *Ogden Logistics Services*, B-257731.2, Dec. 12, 1994, 95-1 CPD ¶ 3.
- <sup>256</sup> *J. A. Reyes Assocs., Inc.*, B-230170, June 7, 1988, 88-1 CPD ¶ 536.
- <sup>257</sup> *Analex Space Systems, Inc.*, B-259024, Feb. 21, 1995, 95-1 CPD ¶ 106.
- <sup>258</sup> *Irwin & Leighton, Inc.*, B-241734, Feb. 25, 1991, 91-1 CPD ¶ 208.
- <sup>259</sup> *Systematic Management Services, Inc.*, B-250173, Jan. 14, 1993, 93-1 CPD ¶ 41.
- <sup>260</sup> *American Service Technology, Inc.*, B-255075, Feb. 4, 1994, 94-1 CPD ¶ 72.

261 *Ogden Logistics Services*, B-257731.2, Dec. 12, 1994, 95-1 CPD ¶ 3; *Renow, Inc.*, B-251055, Mar. 5, 1993, 93-1 CPD ¶ 210.

262 *Aid Maintenance Co.*, B-255552, Mar. 9, 1994, 94-1 CPD ¶ 188. See also *Ogden Government Services*, B-253794.2, Dec. 27, 1993, 93-2 CPD ¶ 339.

263 *Scheduled Airlines Traffic Offices, Inc.*, B-253856.7, Nov. 23, 1994, 95-1 CPD ¶ 33.

264 *DRT Assocs., Inc.*, B-237070, Jan. 11, 1990, 90-1 CPD ¶ 47.

265 *Scientific Management Assocs., Inc.*, B-238913, July 12, 1990, 90-2 CPD ¶ 27.

266 *Abel Converting, Inc.*, B-224223, Feb. 6, 1987, 87-1 CPD ¶ 130.

267 *W.M.P. Security Service Co.*, B-256178, May 12, 1994, 94-1 CPD ¶ 303.

268 *Abt Assocs., Inc.*, B-253220.2, Oct. 6, 1993, 93-2 CPD ¶ 269.

269 *Maremont Corp.*, B-186276, Aug. 20, 1976, 76-2 CPD ¶ 181.

270 FAR § 9.104-1.

271 FAR § 9.103(b).

272 FAR § 9.103(c).

273 *Continental Maritime of San Diego, Inc.*, B-249858.2, Feb. 11, 1993, 93-1 CPD ¶ 230.

274 *Id.* at 7.

275 *PHE/Maser, Inc.*, B-238367.5, Aug. 28, 1991, 91-2 CPD ¶ 210; *Flight International Group, Inc.*, B-238953.4, Sept. 28, 1990, 90-2 CPD ¶ 257.

276 *Danville-Findorff, Ltd.*, B-241748, Mar. 1, 1991, 91-1 CPD ¶ 232; *Greyback Concession*, B-239913, Oct. 10, 1990, 90-2 CPD ¶ 278.

277 *Electrolux SARL*, B-248742, Sept. 21, 1992, 92-2 CPD ¶ 192.

278 *McLaughlin Research Corp.*, B-247118, May 5, 1992, 92-1 CPD ¶ 422; *Wickman Spacecraft & Propulsion Co.*, B-219675, Dec. 20, 1985, 85-2 CPD ¶ 690.

279 *FMS Corp.*, B-255191, Feb. 8, 1994, 94-1 CPD ¶ 182.

- <sup>280</sup> *Southwest Resource Development*, B-244147, Sept. 26, 1991, 91-2 CPD ¶ 295; *Applied Research Technology*, B-240230, Nov. 2, 1990, 90-2 CPD ¶ 358.
- <sup>281</sup> *A & W Maintenance Services, Inc.*, B-255711, Mar. 25, 1994, 94-1 CPD ¶ 214.
- <sup>282</sup> *F&H Manufacturing Corp.*, B-244997, Dec. 6, 1991, 91-2 CPD ¶ 520.
- <sup>283</sup> *Racial Guardata, Inc.*, B-245139.2, Feb. 7, 1992, 92-1 CPD ¶ 159.
- <sup>284</sup> *Suncoast Scientific Inc.*, B-240689, Dec. 10, 1990, 90-2 CPD ¶ 468.
- <sup>285</sup> *Central Air Service, Inc.*, B-242283.4, June 26, 1991, 91-2 CPD ¶ 8.
- <sup>286</sup> *Duke/Jones Hanford, Inc.*, B-249367.10, July 13, 1993, 93-2 CPD ¶ 26; *Instrument Control Service, Inc.*, B-247286, April 30, 1992, 92-1 CPD ¶ 407.
- <sup>287</sup> *Pacific Computer Corp.*, B-224518.2, Mar. 17, 1987, 87-1 CPD ¶ 292.
- <sup>288</sup> *Kunkel-Wiese, Inc.*, B-233133, Jan. 31, 1989, 89-1 CPD ¶ 98.
- <sup>289</sup> *Telos Field Engineering*, B-253492.6, Dec. 15, 1994, 94-2 CPD ¶ 240; *NITCO*, B-246185, Feb. 21, 1992, 92-1 CPD ¶ 212.
- <sup>290</sup> *Management & Industrial Technologies Assocs.*, B-257656, Oct. 11, 1994, 94-2 CPD ¶ 134; *Crimson Enterprises, Inc.*, B-243193.4, June 12, 1992, 92-1 CPD ¶ 512.
- <sup>291</sup> *Mesa, Inc.*, B-254730, Jan. 10, 1994, 94-1 CPD ¶ 62; *Aumann, Inc.*, B-251585.2, May 28, 1993, 93-1 CPD ¶ 423; *Talon Corp.*, B-248086, July 27, 1992, 92-2 CPD ¶ 55.
- <sup>292</sup> *PCL/American Bridge*, B-254511.2, Feb. 24, 1994, 94-1 CPD ¶ 142; *Technology & Management Services, Inc.*, B-240351, Nov. 7, 1990, 90-2 CPD ¶ 375.
- <sup>293</sup> See *Pannesma Co.*, B-251688, April 19, 1993, 93-1 CPD ¶ 333.
- <sup>294</sup> *Information Spectrum, Inc.*, B-256609.3, Sept. 1, 1994, 94-2 CPD ¶ 251; *Contraves USA, Inc.*, B-241500, Jan. 7, 1991, 91-1 CPD ¶ 17. See *Radiation Systems, Inc.*, B-222585.7, Feb. 6, 1987, 87-1 CPD ¶ 129.
- <sup>295</sup> *Communications Int'l Inc.*, B-246076, Feb. 18, 1992, 92-1 CPD ¶ 194.
- <sup>296</sup> Mark Martens, *The Best Value of "Risk": How to Account for the Probability of Negative Events*, Contract Management 47 (Mar. 1995).
- <sup>297</sup> *Delta Computec, Inc.*, B-225442, Feb. 9, 1987, 87-1 CPD ¶ 139.

<sup>298</sup> *CACI, Inc.*, B-225444, Jan. 13, 1987, 87-1 CPD ¶ 53.

<sup>299</sup> *John Brown U.S. Services, Inc.*, B-258158, Dec. 21, 1994, 95-1 CPD ¶ 35 at 10.

<sup>300</sup> *Premier Vending*, B-256437, June 23, 1994, 94-1 CPD ¶ 380; *Advanced Resources Int'l, Inc.—Recon.*, B-249679.2, April 29, 1993, 93-1 CPD ¶ 348.

<sup>301</sup> *Individual Development Assocs., Inc.*, B-225595, Mar. 16, 1987, 87-1 CPD ¶ 290.

<sup>302</sup> *Litton Systems, Inc.*, B-239123, Aug. 7, 1990, 90-2 CPD ¶ 114 at 7-8.

<sup>303</sup> *PCB Piezotronics, Inc.*, B-254046, Nov. 17, 1993, 93-2 CPD ¶ 286; *Triton Marine Construction Corp.*, B-250856, Feb. 23, 1993, 93-1 CPD ¶ 171.

<sup>304</sup> *RAI, Inc.*, B-250663, Feb. 16, 1993, 93-1 CPD ¶ 140; *Earth Resources Corp.*, B-248662.2, Nov. 5, 1992, 92-2 CPD ¶ 323.

<sup>305</sup> *Nicolet Instrument Corp.*, B-258569, Feb. 3, 1995, 95-1 CPD ¶ 48.

<sup>306</sup> *SeaSpace*, B-241564, Feb. 15, 1991, 91-1 CPD ¶ 179.

<sup>307</sup> *DUAL, Inc.*, B-252593.3, Aug. 31, 1993, 93-2 CPD ¶ 190.

<sup>308</sup> *Michael C. Avino, Inc.*, B-250689, Feb. 17, 1993, 93-1 CPD ¶ 148.

<sup>309</sup> *John Brown E & C*, B-243247, July 5, 1991, 91-2 CPD ¶ 27.

<sup>310</sup> *Cherry Hill Travel Agency, Inc.*, B-240386, Nov. 19, 1990, 90-2 CPD ¶ 403.

<sup>311</sup> *Picker Int'l, Inc.*, B-249699.3, Mar. 30, 1993, 93-1 CPD ¶ 275.

<sup>312</sup> See *ALM, Inc.*, B-225589, May 7, 1987, 87-1 CPD ¶ 486.

<sup>313</sup> *Northwest EnviroService, Inc.*, B-247380.2, July 22, 1992, 92-2 CPD ¶ 38. See *Sperry Corp.*, B-225492, Mar. 25, 1987, 87-1 CPD ¶ 341

<sup>314</sup> See *Robert J. Kenney, Jr. & Daniel C. Sweeney, Best Value Procurement*, Briefing Paper 93-4, Federal Publications Inc. (Mar. 1993).

<sup>315</sup> *Southern Commercial Industries, Inc.*, B-229969, April 25, 1988, 88-1 CPD ¶ 397.

<sup>316</sup> See *Corbett Construction Co.*, B-182979, Sept. 12, 1975, 75-2 CPD ¶ 144.

<sup>317</sup> See Pushkar, Lent, & Hopkins, *Past Performance Evaluations*, Briefing Paper No. 94-6, Federal Publications Inc. (May 1994).

<sup>318</sup> 15 U.S.C. § 637(b)(7)(A).

<sup>319</sup> RMS Industries, B-247229, May 19, 1992, 92-1 CPD ¶ 451.

<sup>320</sup> A & W Maintenance Services, Inc., B-258293, Jan. 6, 1995, 95-1 CPD ¶ 8; VR Environmental Services, B-246917, April 15, 1992, 92-1 CPD ¶ 370; Pais Janitorial Service & Supplies, Inc., B-244157, June 18, 1991, 91-1 CPD ¶ 581.

<sup>321</sup> INTERLOG, B-249613, Oct. 26, 1992, 92-2 CPD ¶ 282.

<sup>322</sup> D. M. Potts Corp., B-247403.2, Aug. 3, 1992, 92-2 CPD ¶ 65.

<sup>323</sup> IBIS Corp., B-224542, Feb. 9, 1987, 87-1 CPD ¶ 136.

<sup>324</sup> F & H Manufacturing Corp., B-244997, Dec. 6, 1991, 91-2 CPD ¶ 520.

<sup>325</sup> Data Systems Analysts, Inc., B-255684, Mar. 22, 1994, 94-1 CPD ¶ 209.

<sup>326</sup> Docusort, Inc., B-254852, Jan. 25, 1994, 94-1 CPD ¶ 38; Advanced Resources Int'l, Inc., B-249679, Nov. 18, 1992, 92-2 CPD ¶ 357.

<sup>327</sup> Califone Int'l, Inc., B-246233, Feb. 25, 1992, 92-1 CPD ¶ 226; Arrowsmith Industries, Inc., B-233212, Feb. 8, 1989, 89-1 CPD ¶ 129.

<sup>328</sup> Renic Corp., B-248100, July 29, 1992, 92-2 CPD ¶ 60.

<sup>329</sup> Clegg Industries, Inc., B-242204.3, Aug. 14, 1991, 91-2 CPD ¶ 145.

<sup>330</sup> See FAR § 9.104-1.

<sup>331</sup> Quoted in Thirteenth Annual Report of the Select Committee on Small Business of the United States Senate, S. Rep. No. 104, 88th Cong., 1st Sess. at 31 (April 2, 1963).

<sup>332</sup> 3 Comp. Dec. 437, 438 (1897).

<sup>333</sup> 7 Comp. Dec. 712, 714 (1901).

<sup>334</sup> 25 Comp. Dec. 398, 404 (1918).

<sup>335</sup> 32 Comp. Gen. 384, 387 (1953).

<sup>336</sup> 10 Comp. Gen. 294, 300 (1931).

<sup>337</sup> 20 Comp. Gen. 18, 21 (1940). Contract provisions are unauthorized unless reasonably requisite to the accomplishment of the legislative purposes of the contract appropriation. 18 Comp. Gen. 285, 295 (1938). —

<sup>338</sup> 20 Comp. Gen. 18, 21 (1940).

<sup>339</sup> Unpub. Comp. Gen., A-33338 (Oct. 3, 1930).

<sup>340</sup> Unpub. Comp. Gen., A-26439 (April 12, 1929).

<sup>341</sup> 31 U.S.C. § 1341.

<sup>342</sup> FAR § 10.002(a)(4). See *Project Software & Development, Inc.*, GSBCA No. 8471-P, 86-3 BCA ¶ 19,082 at 96,403 (if expressions of actual requirements overstate an agency's needs, those expressions are improper).

<sup>343</sup> *Greenborne & O'Mara—Recon.*, B-247116.3, Oct. 7, 1992, 92-2 CPD ¶ 229 at 2-3.

<sup>344</sup> *East West Research, Inc.*, B-239516, Aug. 29, 1990, 90-2 CPD ¶ 178; *Consolidated Maintenance Co.*, B-220174, Nov. 12, 1985, 85-2 CPD ¶ 539.

<sup>345</sup> *Digital Equipment Corp.*, B-183614, Jan. 14, 1976, 76-1 CPD ¶ 21.

<sup>346</sup> *Jones Refrigeration Service*, B-221661.2, May 5, 1986, 86-1 CPD ¶ 431.

<sup>347</sup> *W.M.P. Security Service Co.*, B-256178, May 12, 1994, 94-1 CPD ¶ 303.

<sup>348</sup> *National Steel & Shipbuilding Co.*, B-250305.2, Mar. 23, 1993, 93-1 CPD ¶ 260; *Trident Systems Inc.*, B-243101, June 25, 1991, 91-1 CPD ¶ 604.

<sup>349</sup> *Mandex, Inc.*, B-241759, Mar. 5, 1991, 91-1 CPD ¶ 244.

<sup>350</sup> *Astro Pak Corp.*, B-256345, June 6, 1994, 94-1 CPD ¶ 352; *Marine Instrument Co.*, B-241292.3, Mar. 22, 1991, 91-1 CPD ¶ 317.

<sup>351</sup> *Computervision Corp.*, GSBCA No. 8601-P, 86-3 BCA ¶ 19,266 at 97,409.

<sup>352</sup> *Sierra Technology & Resources, Inc.*, B-243777.3, May 19, 1992, 92-1 CPD ¶ 450; *Microeconomic Applications, Inc.*, B-224560, Feb. 9, 1987, 87-1 CPD ¶ 137.

<sup>353</sup> *Paul G. Koukoulas*, B-229650, Mar. 16, 1988, 88-1 CPD ¶ 278

<sup>354</sup> *American Contract Services, Inc.*, B-256196.2, June 2, 1994, 94-1 CPD ¶ 342; *SeaSpace Corp.*, B-252476.2, June 14, 1993, 93-1 CPD ¶ 462.

<sup>355</sup> *Arthur Anderson & Co.*, B-245903, Feb. 10, 1992, 92-1 CPD ¶ 168 at 4.

<sup>356</sup> *Id.*; *Cadmus Group, Inc.*, B-241372.3, Sept. 25, 1991, 91-2 CPD ¶ 271.

<sup>357</sup> *Midwest Research Institute*, B-240268, Nov. 5, 1990, 90-2 CPD ¶ 364; *Sparta, Inc.*, B-228216, Jan. 15, 1988, 88-1 CPD ¶ 37.

<sup>358</sup> *SEC, Inc.*, B-226978, July 13, 1987, 87-2 CPD ¶ 38.

<sup>359</sup> *Calspan Corp.*, B-258441, Jan. 19, 1995, 95-1 CPD ¶ 28.

<sup>360</sup> *Barron Builders & Management Co.*, B-225803, June 30, 1987, 87-1 CPD ¶ 645 at 4-5.

<sup>361</sup> *Ogden Plant Maintenance Co.*, B-255156.2, April 7, 1994, 94-1 CPD ¶ 275 at 5.

<sup>362</sup> *Benchmark Security, Inc.*, B-247655.2, Feb. 4, 1993, 93-1 CPD ¶ 133; *Wyle Laboratories, Inc.*, B-239113, Aug. 6, 1990, 90-2 CPD ¶ 107.

<sup>363</sup> See Paul Shnitzer & Thomas P. Humphrey, *The Scope of the Source Selection Official's Discretion*, Briefing Paper 94-5, Federal Publications Inc. (April 1994).

<sup>364</sup> *Contel Federal Systems, Inc.*, GSBCA No. 9743-P, 89-1 BCA ¶ 21,458 at 108,124.

<sup>365</sup> 19 F.3d 1342 (11th Cir. 1994).

<sup>366</sup> *East West Research, Inc.*, B-238633, June 13, 1990, 90-1 CPD ¶ 555.

<sup>367</sup> *Mart Corp.*, B-254967.3, Mar. 28, 1994, 94-1 CPD ¶ 215. In *Corbin Superior Composites, Inc.*, B-242394, April 19, 1991, 91-1 CPD ¶ 389 at 5, the Comptroller General said it would question the agency's determination of minimum needs only if it had "no reasonable basis."

<sup>368</sup> *JSA Healthcare Corp.*, B-252724, July 26, 1993, 93-2 CPD ¶ 54; *Federal Environmental Services, Inc.*, B-250135.4, May 24, 1993, 93-1 CPD ¶ 398.

<sup>369</sup> *General Crane & Hoist, Inc.*, B-258819, Feb. 21, 1995, 95-1 CPD ¶ 99; *Family Realty*, B-247772, July 6, 1992, 92-2 CPD ¶ 6.

<sup>370</sup> *Brunswick Defense*, B-255764, Mar. 30, 1994, 94-1 CPD ¶ 225; *COMSAT Int'l Communications, Inc.*, B-223953, Nov. 7, 1986, 86-2 CPD ¶ 532 ("We will question contracting officials' determinations only upon a clear showing of unreasonableness, abuse of discretion or violation of procurement statutes or regulations.")

371 *KPMG Peat Marwick*, B-255224, Feb. 15, 1994, 94-1 CPD ¶ 111.

372 *Johns Hopkins Univ.*, B-233384, Mar. 6, 1989, 89-1 CPD ¶ 240.

373 *D. M. Potts Corp.*, B-247403.2, Aug. 3, 1992, 92-2 CPD ¶ 65.

374 *Pratt & Lambert, Inc.*, B-245537, Jan. 9, 1992, 92-1 CPD ¶ 48.

375 *Aspect Telecommunications*, GSBCA No. 11250-P, 91-3 BCA ¶ 24,199.

376 *Computer Lines*, GSBCA No. 8206-P, 86-1 BCA ¶ 18,653.

377 *Materials, Communication & Computers, Inc. v. Defense Logistics Agency*, GSBCA No. 12930-P, 95-1 BCA ¶ 27,312.

378 *TRW Inc.*, GSBCA No. 11309-P, 92-1 BCA ¶ 24,389.

379 *Latecoere International, Inc. v. United States*, note 365, *supra*, and cases cited at 1356.

380 Acquisition Reform, 60 Fed. Cont. Rep. 235 (Sept. 13, 1993).

381 Steven Kelman, *Procurement and Public Management I* (American Enterprise Institute Press 1990).

382 Pub. L. No. 103-355 (Oct. 13, 1994), 108 Stat. 3243.

383 *A Guide to Best Practices for Past Performance*, Office of Federal Procurement Policy (Interim ed. May 1995).

384 *Id.* at 13.

385 *Laidlaw Environmental Services, Inc.*, B-256346, June 14, 1994, 94-1 CPD ¶ 365 at 6-7.

386 *SDA Inc.*, B-256075, May 2, 1994, 94-2 CPD ¶ 71 at 6-7.

387 *Young Enterprises, Inc.*, B-256851.2, Aug. 11, 1994, 94-2 CPD ¶ 159 at 4-5.

388 Federal Acquisition Reform Act of 1995, Special Supplement, 63 Fed. Cont. Rep. No. 20 (May 22, 1995).

389 *Id.* at S-7.

390 Acquisition Reform, 63 Fed. Cont. Rep. 641, 643 (May 22, 1995).

<sup>391</sup> 141 Cong. Rec. H5912 (daily ed. June 14, 1995).

<sup>392</sup> *Id.* at H5926.

<sup>393</sup> *Id.* at H5936; 63 Fed. Cont. Rep. 743 (June 19, 1995).

<sup>394</sup> 141 Cong. Rec. H5924, H5930-31 (daily ed. June 14, 1995).

<sup>395</sup> *Id.* at H5932.

<sup>396</sup> No. 93-1373 (July 26, 1995).

<sup>397</sup> FAR § 15.609(a).

<sup>398</sup> See Special Supplement, 63 Fed. Cont. Rep. No. 12 (Mar. 27, 1995).

<sup>399</sup> *Id.* at S-77.

<sup>400</sup> FAR § 15.609(a); *Reliable System Services Corp.*, B-248126, July 28, 1992, 92-2 CPD ¶ 57.

<sup>401</sup> *PeopleWorks, Inc.*, B-257296, Sept. 2, 1994, 94-2 CPD ¶ 89; *Aid Maintenance Co.*, B-255552, Mar. 9, 1994, 94-1 CPD ¶ 188.

<sup>402</sup> *ARC Professional Services Group, Inc. v. General Services Administration*, GSBCA No. 12699-P, 94-2 BCA ¶ 26,845 at 133,573; *Integrated Systems Group, Inc.*, GSBCA No. 11156-P, 91-2 BCA ¶ 23,961 at 119,956.

<sup>403</sup> *EER Systems Corp.*, B-256383, June 7, 1994, 94-1 CPD ¶ 354; *Information Systems & Networks Corp.*, B-220661, Jan. 13, 1986, 86-1 CPD ¶ 30.

<sup>404</sup> *Telcom Systems Services, Inc. v. Department of the Interior*, GSBCA No. 12993-P, 95-1 BCA ¶ 27,346; *Information Ventures, Inc.*, B-243929, Sept. 9, 1991, 91-2 CPD ¶ 227.

<sup>405</sup> *National Systems Management Corp.*, B-242440, April 25, 1991, 91-1 CPD ¶ 408; *StaffAll*, B-233205, Feb. 23, 1989, 89-1 CPD ¶ 195.

<sup>406</sup> 141 Cong. Rec. H5930-31 (daily ed. June 14, 1995).

<sup>407</sup> *Pendus Building Services, Inc.*, B-257213, Mar. 8, 1995, 95-1 CPD ¶ 135 (even acceptable proposals with no reasonable chance of award can be excluded); *Better Service*, B-256498.2, Jan. 9, 1995, 95-1 CPD ¶ 11 (proposal lacking sufficient information to determine compliance can be excluded without discussions).

<sup>408</sup> See notes 10, 11, and 12, *supra*.

409 Edward Felsenthal, *Weekend Warriors Find a New Arena: Court*, Wall St. J., June 23, 1995, at B1.

410 Robert Bolt, *A Man For All Seasons* 66 (Vintage International 1990).

The CHAIRMAN. Thank you, Mr. Doke. Before we go to the next panel we probably have questions now of this panel because they have to leave at 10:30, I think.

So, let me just ask Mr. Howard, if he would come in on the questions about competition as raised by Mr. Doke.

Mr. HOWARD. Thank you, Mr. Chairman.

I think it is fair to say that the two panelists here join issue fairly starkly. I could not disagree any more with what Mr. Doke has said. He just indicated that one of the most important factors that interferes with true competition is the absence of rules. In true competition there are no rules except breach of contract. Breach of contract is a very important rule. I would never advocate doing away with contractual remedies, whether it is for the Government or anyone else, in contractual dealings, but there are no rules.

The list of specifications that Mr. Doke was deriding I, too, would deride. But it was he who called for the key to quality is more specification of what you want and to avoid, more than anything else, subjective factors. This resembles one thing to me. It resembles a world in which very smart people sitting in Moscow would say, here is how we are going to harvest the wheat this year. And they would lay out expensive models of which trucks would come from where and how they would do it and when they would pick it up and they always left out something like the spare parts, and so bumper crops would rot because you cannot lay everything down in life on a piece of paper in advance and have it work. Life is complicated.

Making a piece of long underwear is complicated. You cannot specify every piece of it and get it right. And this applies, many times over, for other things the Government buys.

If you have a system that specifies it in advance, where there is an elaborate minuet that lasts years and produces literally yards of paperwork, what you will have is a system that we have now.

Mr. Doke is a contracting expert. He has recently written an article and one of the things he suggested is that full and open competition is not a procedure, but an objective. It is an end in itself, this sense of full and open competition. I could not disagree with that more strongly. The objective here is saving taxpayers money because we need it for education and health care and we need it to reduce the deficit. We do not need it to pay obeisance to some system that does nothing but waste money. Full and open competition is not what the real world does. It does limited competition with judgment.

The last point I would comment on is his last point. He said that the most efficient way to solve the procurement system and to police it is to have it done by the competitors, themselves. And, indeed, his whole presentation is from the standpoint of the competitors: we need more criteria, we need more information, we, the competitors, need more.

He talks about Government contracts and Government money as if it is a carcass that is fought over by a group of animals who are all entitled to get their fair share. It is not a carcass. It is our living and breathing Government which my tax dollars go to support and every other citizen's tax dollars go to support.

I do not care about those businesses. I care about Government getting the best deal. No rules are required to be fair to competitors. The only fairness we can be concerned about is the fairness that is not to be unfair so that we do not drive people away. And, in fact, as I suggested, the rules are so thick that it does drive competition away.

Thank you, very much.

The CHAIRMAN. Thank you.

Mr. Dellums, and then he can probably ask you questions, Mr. Doke.

Mr. DELLUMS. Thank you, Mr. Chairman.

Let me ask two questions. First I would like to address the question to Mr. Doke. Mr. Howard asserts that his objective is to ultimately, at the end of the day, save taxpayer's money. As an advocate of complete and full and open competition the obvious question that needs to be laid on the table is, is full and open competition counterintuitive to saving money or can you save money and engage in open competition? I would like to address that question to you first?

Mr. DOKE. Well, I would just respond that the only studies that have ever been done, and they are cited in my written statement, show that competition decreases cost by anywhere from 20 to 70 percent. And these were three different studies that were made a number of years ago and they were made by the Government, they were not made by private individuals.

So I think the only objective evidence that we have before us is that competition does reduce our costs, and prices and taxpayer's dollars.

Let me respond to one other thing, if I may?

Mr. DELLUMS. Then I would let Mr. Howard respond to your question, but go ahead, please, Mr. Doke.

Mr. DOKE. Well, I just wanted to comment on one of Mr. Howard's comments about comparing our procurement system to the Communists. I really was not prepared to address that but let me just say that the cornerstone of our democracy is rules. And that is one of the primary differences between our system of Government and the Communist system. And to say that the lack of rules is good is something that I find very surprising. Rules are necessary if you are going to have any true competition. Whether it is sports or cards or whatever, you have got to have rules, they have to be defined and they have to be enforced.

Mr. DELLUMS. Mr. Howard, Mr. Doke asserted that there is objective data that indicates that full and open competition does, indeed, save money. I would like you to respond to that and then I have one final question, Mr. Chairman.

Mr. HOWARD. I am very much in favor of competition. Competition saves money. The studies he suggested were comparing sole source contracts with competitive contracts. What I am against is this odd notion of full and open competition that every single contract has to be opened up to the entire world as opposed to, for example—let me give you an example.

When the Los Angeles freeway fell down, it takes 5 years, on average, to rebuild a highway going through all these contracting procedures. In cooperation with the White House, Gov. Pete Wilson—

which was funding a lot of this—Gov. Pete Wilson waived the rules.

And the contracting officials picked a handful of reputable highway builders. They did not open it up to the world. They negotiated. They had a competition among them. They negotiated with them in a very short frame of time, and one of them was picked, one of the handful they had picked, and they rebuilt the Santa Monica Freeway in 66 days.

Recently, also in your State, Mr. Dellums, there was an incident in Golden State Park—which is another full and open competition story—where they usually spend about \$50,000 a year to remove the deadwood from the park. One of the bureaucrats saw a flyer from a saw mill owner wanting to buy logs and a little light clicked on. And he said well maybe he will buy our deadwood. He came in and the sawmill owner offered to pay \$40,000, not to charge, but to pay. So it was a \$90,000 swing.

The contracting official was not, no one there was authorized to take that money, because under all these rules—first you advertise it and then you go through the procedures—it would not be fair supposedly serving full and open competition, to give it to the sawmill owner.

They could not even call up a couple of other sawmill owners and get competing bids because that would not be fair to all the other sawmill owners in the world. That is how bizarre this system has gotten.

So the taxpayers of San Francisco lost \$90,000 because of the inability to make a simple commercial transaction. So I am not against competition. I am all for competition. And I engage in it every day in my private life. What I am against is this formalized, formulaic version of competition that does not resemble real competition.

Mr. DELLUMS. I would let you respond, but let me ask you a question and then you can respond, and then I will ask my final question. And then I will yield back, Mr. Chairman, I appreciate your generosity.

Can you, Mr. Doke, comment as to whether or not you believe the bidder verification process that is a part of H.R. 1670 thwarts or facilitates competition, in your opinion?

And you can feel free to comment to Mr. Howard, if you wish?

Mr. DOKE. Let me respond immediately to your question. It is rather frightening to me the verification system, because sort of buried away in the process the bill would allow competition to be limited to those people who are verified.

And what is surprising to me is that if you look at what is considered in making the verification, efficiency, and effectiveness of its practices, the level of its quality or services, past performance. What is frightening to me is who and how many people will be excluded for what reasons and for what subjective reasons in the personal views of the procurement officials? I would suggest to each one of you when your constituents called and they have been cut out of the process and there is no appeal, there is no way to get through, well there will be a lot of other people concerned about limiting the competition to these verified sources based on the bureaucrat's determination of who is verified.

Just a couple of comments. One about the Los Angeles freeway. We have the authority to do the same thing that was done in California under Federal law. There is an exception to competition when there is an emergency. What we do not know is how much less it would have cost if we had had time to do it, over a longer period of time, and gone out to competition, and we will never know that. But the Federal Government could have done the same thing, responded immediately to a crisis.

And with respect to the log story the problem there is that you had a saw mill owner that was dealing with a buyer and trying to get him to sell him something. I mean they just do not cross over. Buyers do not sell goods in the Government and people that sell goods do not do buying.

What you do not know is what the scandal would have been if that saw mill owner had been the brother-in-law of the Government bureaucrat and he had awarded the contract and that is one of the things that the competition is designed to prevent.

Mr. DELLUMS. Thank you, very much, Mr. Chairman.

The CHAIRMAN. I repeat, Mr. Howard, unfortunately, has to catch an airplane so I would just ask if there are any other questions of Mr. Howard before he has to leave?

Mr. HUNTER.

Mr. HUNTER. Yes, Mr. Howard; let me ask you a question. As I understand it, one of your points is that when competition becomes extremely costly then it is not serving the taxpayers and, therefore, it does not provide any real benefit to the Government.

Mr. HOWARD. That is generally correct. My main point is that this does not resemble competition. When you do not allow people to look each other in the eye and talk about what would do the job better, what makes sense, what they could do, what is special that they can provide that some other vendor; when you cannot treat people differently, and this is a system designed to treat everybody exactly the same no matter what—when you treat people a little differently you cannot take advantage of opportunities.

Government, every day, loses advantages of commercial opportunity, something special that that vendor can provide that nobody else can provide, because there is no give and take. And the idea of full and open competition, as it is used, while logical is not the way any business could ever do it.

Another story. I was on the plane to Dallas the other day and the head of a large pharmaceutical told me that they had not bothered to bid on a \$1 billion contract for pharmaceuticals for the State of Pennsylvania because the way the system worked all the legalisms, inviting the whole world in there was not a good enough chance of getting the deal to even bother going through the process.

Mr. HUNTER. I just thought of one story that had been told to me or one description. One of our big programs, the F-117, or Stealth Fighter, that when we built that we built it in the black; that is, in a classified way so that it was not subject to all of the competition requirements. And we gave this requirement to Lockheed and the Air Force general who was in charge of the program told—he only had five Government engineers—he told them they could not even go to Lockheed unless they all went together. They

could go only one time a month. And we built that thing and fielded it in record time.

I am just reminded, Mr. Doke said we need to have specifications and lots of checking and lots of double checking. If we had built that 117 putting this thing out with this extremely complex technology to the world, literally put it out to the phone book and then entertained all of the protests and all of the very complex bids, you would have cost—in the end, I think, Lockheed would have gotten the bid after 3 or 4 years—but you would have slowed the program down and it would have cost a fortune to have administered that.

But we went to the guys who knew how to do it, and we did it very quickly. It is unfortunate, Mr. Dellums, the ranking minority member, has commented in the past about how we have stuffed a lot of programs into this classified area; and one reason we have stuffed them in—it has been the wrong reason—is because you get away from the monster work and regulatory requirements and you actually get systems cost-effective and you get them fast. So we have misused that system but we have done it to run away from this monster that we have created.

Mr. HOWARD. You know, there is a very interesting point that you have made and this also refers to what Mr. Doke said, the reason that reform has not happened, I am convinced, is because of this fear that anyone who will reform will be accused, if something bad happens, of favoritism or helping the brother-in-law and the like, which happens today, by the way, in one way or another. And it will happen because not all people are honest and you do your best to check them.

But every study on corruption that has ever come out has suggested that it is far better to give people responsibility and then you have a spotlight on them and you can check on them. Beef up your audit staff, Mr. Doke and I agree on that. And the other thing I would suggest—if this committee, and I urge it to, to go further with more reforms, to scrape away all these millions of words of contracting rules and requirements—would be to perhaps set up an independent committee of leading businessmen and good government groups, taxpayer groups, who themselves would have enough money to have their own audit staff so they could oversee it.

Because it is hard to make a change. It is easy to have some disgruntled competitor stand up and yell favoritism or the like. And to have a good Government group—and again, I have been talking to leading businessmen, they are very interested in this. They understand how much money is squandered. To have them independently looking over the reforms as they happen, I think, would be a very useful addition to the reform effort and it would give the American people more confidence and it would give, I think, Congress a little bit of cover because you have to be brave to change anything.

And this system will change, it should change, but it still requires a certain amount of courage.

The CHAIRMAN. Thank you.

Mr. Doke.

Mr. DOKE. Yes. Mr. Chairman, I said that we should have better specifications, I did not say that we had bigger specifications. The program manager of the B-2 program, I am told, had a saying that

better is worse than good enough. We have performance specifications in Government contracts. There are discussions with individuals who submit proposals.

I would also say that we have a procedure that is 50 years old called two-step formal advertising where anybody can submit anything it wants to as long as it meets the performance requirement and then the competition in phase two is on price alone.

So there is plenty of flexibility under our system.

The CHAIRMAN. Thank you, Mr. Doke. And I thank both of you gentlemen. We have to break for a vote and so we will come back and take up the next panel at that time.

Thank you.

Mr. HOWARD. Thank you, Mr. Chairman, Mr. Dellums.

[Recess.]

The CHAIRMAN. We will reconvene the hearing.

We will next hear from the second panel. The next two witnesses are no strangers to this committee, Dr. Steven Kelman, Administrator for the Federal Procurement Policy, has been at the forefront of the administration's effort to reform the Federal procurement system. And leading the reform effort at the Pentagon is Colleen Preston, the Deputy Under Secretary of Defense for Acquisition Reform and the former general counsel for the House Armed Services Committee.

We will welcome both of you back this morning, and let us proceed with Mrs. Preston first, if you do not mind.

#### **STATEMENT OF COLLEEN PRESTON, DEPUTY UNDER SECRETARY FOR ACQUISITION REFORM, DEPARTMENT OF DEFENSE**

Ms. PRESTON. Thank you, Mr. Chairman, Mr. Hunter, it is a pleasure to be here. What I thought I would do today is tell you a little bit about where we stand and the status of acquisition reform in DOD and my colleague, Steve Kelman, is going to emphasize more of the current position, administration position on legislation.

First of all, I would like to set the stage by saying that we do build the best weapons systems in the world, and that is thanks to the great quality of the people in both DOD and industry that participate in this acquisition process.

But we know that they have achieved that success despite the system, not because of it. We can no longer afford to fight a bureaucratic and rule-driven system. We must be able to take advantage of the professionals that we have in the acquisition work force and allow them to exercise their judgment in making sound business decisions on behalf of the U.S. Government.

In that respect, I would have to disagree with my colleague, Marshall Doke, who is a great friend and member of the ABA public contracts section, along with myself. I truly believe that the biggest problem that we have is that people are afraid to exercise their judgment. They are afraid to be informed consumers. Instead it is easier to justify what they do if they can say they followed the rules and regulations.

And, additionally, as you all are very well aware, new national security challenges require us to design a more flexible, agile and

timely acquisition process capable of meeting unpredictable needs and the declining budgets require us to become more efficient and effective. And finally, technology is developing at an even faster pace and is more often than not led by the commercial sector and that technology is available to the world. To maintain our technological superiority we must have access to the latest state-of-the-art commercial technology.

We believe that we can do this by looking at and stating a clear vision for what we believe the DOD acquisition system should do. I have got a chart, if I could have the first chart, please?

We have articulated the vision of what the acquisition reform system should look like to be that DOD will become the world's smartest buyer, most responsive buyer of best value goods and services that meet the war fighter's needs. I would like to go through each one of those.

Meeting the war fighter's needs. We have to remember that the acquisition process is not an end, in and of itself. It is designed to help us do something. The mission we have to do is to meet the war fighter's needs. We want to become the world's smartest buyer, and by that I mean we want to use the best practices that we can find, whether they are in industry, whether they are in Government, it does not matter. We have to encourage continuous learning and continuous process improvement, a system where change is the exception rather than the norm. If everyone were to come into work each day and say, what can I do to change this system to accommodate the changing environment around me, or what can I do to improve the system today we would have the best acquisition system in the world. Right now we have got a system where people come in and say, what do I have to do to comply with the rules and regulations.

We need to take maximum advantage of emerging technologies, particularly in the information technology sector, because that is what is going to enable us to continue to do the best job we possibly can and an even better job in the future. As we downsize our acquisition work force and continue to do that, the only way we can maintain an effective acquisition process is if we can take advantage of technology. And we have got to be able to sometimes do that on faith without a strict dollar, functional economic analysis to prove to everyone in the world that, yes, we can save money by using electronic commerce, or electronic data interchange. Some things you are going to have to take on faith with respect to technology developments.

The bottom line is that we want to emulate the best practices of world class customers and suppliers. And to the maximum extent practicable, we want to be able to use commercial practices. We want to avoid Government unique terms and conditions that were intended for a very valid purpose to protect the Government from fraud, waste and abuse, but we do not need that if that buyer/seller relationship is otherwise regulated by the marketplace.

The same goes with respect to socioeconomic provisions which are carried out through the procurement process, a very valid goal and something we will stand by and support always as something that should be done as part of the procurement process.

However, what we are asking, again, is that there be a balancing of interests that we balance the cost that we pay to do this as a part of the acquisition process with the benefits that we gain and, in some cases, we have to admit that the costs are not worth what we are paying.

We want to procure the best value goods and services possible by using a national as opposed to defense-unique industrial base, composed predominantly of commercial or dual-use suppliers who are capable of meeting our needs, and are willing to sell to the U.S. Government and that is a problem for us. We cannot get many companies to sell to the U.S. Government, particularly not directly and, in some cases, even indirectly.

And we want to use commercial practices to the maximum extent possible, including using an assessment of contractor's past performance in looking at long-term contractual relationships with subcontractors. We also want to be responsive and this is where the system, I think, fails our customers most of all.

We cannot procure goods on a timely basis and that problem is exacerbated now by the fact that our threats are often unpredictable and the fact that we do not exactly know where it is that we need to respond and what we need to respond with.

Now, how are we going to address these needs? Let me, before I get into that, let me just run through the next chart very quickly.

Another way of stating what our reform vision is, is to say what it is that we want at the end of this process. And I think this chart really captures it all and let me just read it, in case it is not legible from that distance.

What we want at the end of our acquisition reform effort is the ability to purchase smarter, faster, and cheaper while fostering the development and maintenance of a globally competitive national industrial base by appropriately balancing the risk of fraud, waste and abuse against the cost of preventive measures; and by appropriately balancing the benefits to be obtained through supporting the Nation's socioeconomic policies through the procurement process with the cost to the system of imposing these Government-unique requirements.

So what are we doing now to implement this and to further our goals? First of all, Secretary Kaminski very recently, along with Secretary Perry's memorandum on our oversight and review process action team findings has directed that the department use integrated product teams. And what these are, are cross-functional—so we get out of the stovepipes of contracts and engineering, et cetera—cross-functional teams throughout the acquisition process, not only cross-functional but cross-organization. So that instead of being overseers of the process as OSD currently is now, particularly with major systems, we are saying we are changing that paradigm. We do not need overseers. If we want people to make decisions and exercise their judgment we cannot have people second-guessing them constantly.

So the role of OSD staff has been made clear that they will be involved in the process from the very outset, at the early part of the development of acquisition strategy and we will follow a process that we call early insight, rather than oversight. That does not mean that the OSD staff will not be able to provide an independent

view to the defense acquisition executive, Dr. Kaminski, but that if they are part of the team from the very early stage, their job is to resolve problems as quickly as possible.

And, in fact, one of the measures that we are using, and I will have a chart on this a little bit later, is how many times can we get away from having decisions go up to the defense acquisition executive because they have all been resolved at the staff level. That is our new measure of success. And also a recognition that every program is different. We have to tailor our acquisition policies. We cannot use a cookie-cutter approach like we have been doing in the past.

As a part of this and, in terms of getting away from this culture of second-guessing, we have also said that one of our major initiatives is to do a rewrite of the DOD instructions and DOD directive on how we acquire major systems. So that we break it down into a small number of mandatory regulations, guiding principles, and then we create a second document which we call an acquisition handbook that will include in it lessons learned, best practices, names of experts that people can consult, references to any regulations which are still pertinent. But the essence of this desk book is to make sure that people understand it is a reference tool that we want individuals to go in and look at all the information that they can, benefit from what people have done in the past and then make an informed judgment. So that the measure of their success, in managing a program or setting up an acquisition strategy, is did they look at all the information that was available and make a reasoned judgment; not whether or not they complied with rules or regulations.

Because in many cases I can show you acquisition after acquisition where every single rule or regulation was followed to a letter—and if you will remember back in 1983, my first hearing was on spare parts and it was the \$400 hammer, and the response of the contracting officer at that time was not that they did not think that that was a stupid thing to do, to order that \$400 hammer from the prime contractor, but that that was in compliance with the rules and regulations.

And I remind people constantly that there has never been an instance that I am aware of where Congress has chastised a member of the procurement community for having exercised their judgment. That in most cases people have blindly followed rules and regulations even when it did not make sense, because that is the safe course, and no one can criticize you for doing that. So that is a very important part of what we are doing.

Also specifications and standards reform. As you know, Dr. Perry issued a memorandum in June of 1994 that was effective in December 1994 which stated that from that point forward performance specifications were preferred. If a performance specification could not be stated, then you could use a commercial or a non-Governmental spec or standard.

Only if neither of those would work could you revert to a MILSPEC and I am happy to say that there is not a day that does not go by where there is not another problem in terms of addressing how we transition to this and still keep standardized logistics

and make sure that we are accounting for all of the other ramifications of making these changes, but the changes are being made.

And, in fact, we have a very nice letter that I would like to offer to be placed in the record from the Semiconductor Industry Association commanding Bard Bergmann and Greg Saunders who are leading the effort as a part of the defense industrial specs and standards group to make sure that we are proceeding along the lines of changing these specifications to performance specs. And they have participated with this group in DOD and it highly commends them for the work that they have done so far.

I would also like to mention that education and training are a critical part of what we are doing. We have created a small group, really three people under our President of the Defense Acquisition University who are charged with facilitating the training and education that is going on throughout the Department of Defense.

Each of the services and agencies does their own training and we have not changed that. But what we have said is that if we can build on the synergy, if someone has done something good in the Air Force, it should be communicated to the Navy and Army, we should not reinvent the wheel and we cannot afford to do that any more.

We are trying to put together a strategic plan for education and training and, in fact, had our first Governmentwide, not only DOD-wide, but Governmentwide and in conjunction with industry training session at the end of June on the simplified acquisition procedures, but prior to the effective date of that regulation. It was a satellite broadcast. We know—we have not finished our followup—but we know that over 25,000 people viewed that session. We taped it and we are sending out videotapes at a rate of about 200 per week right now. So we are now planning for the next set of satellite broadcasts that we will work in conjunction with all of the Federal agencies and industry on the rest of the Federal acquisition regulation changes.

And, if I could just finish on generally where we are by stating our status on the implementation of the Federal acquisition regulation. As you know, DOD cochairs the intergovernmental teams that are working to draft the regulations to implement the Federal Acquisition Streamlining Act. We had originally 28 cases and we got that down to 25 through some integration. To date we have six final rules published. We have one, the simplified acquisition threshold FACNET case, which we published as an interim which means it is effective but we still may make changes.

We anticipate publishing an additional six final rules next week. We have two cases that are pending administration approval before final publication. And we are expecting to finalize the 11 additional cases for publication in the late August time period. It has been a tremendous effort. People have been working night and day on these teams. They are doing what I think is a phenomenal job. They are tackling these regulations from the standpoint of what makes the most sense, from the Government and industry standpoint, because we are partners together.

We have had more industry participation, even though it has not been as much as we would have liked, more industry participation in the development of these rules than we ever had before. And

this is the first time we have had a joint DOD and civilian agency working effort from the initial drafting stage. So I think it is all working very well.

At this point, what I would like to do is just give you a couple of concrete examples of some of the changes that we have been able to effect and the results of some of those changes.

This chart is also attached to my statement. I believe it is probably a little too difficult to read from where you are sitting. But the first is with respect to the Joint Direct Attack Munitions Program, JDAM, which is one of the pilot programs that you authorized us to use commercial practices for last year. As a result, a 100-page statement of work was reduced to 7 pages. The data requirements were reduced by 70 percent and there are no MILSPECs or standards, even though what this is, is a kit to take a bomb and essentially put a guidance system on it. But because it is electronics and we can predominantly use commercial products, out there in the commercial sector all the time, to compose this military-unique item, we have had to use no MILSPECs or standards. We have performance specs.

A second example is the Army Tactical Missile System, ATACMS, and this was not a pilot program but something that the Army initiated on their own and I must say with the JDAM program, as well, that the program office was the one who really initiated all of these changes. They were able to take advantage of the legislative effort but they are responsible for being aggressive and pursuing this.

In the block one request for proposals, they had a 503-page statement of work and 112 MILSPECs. As a result of the policy changes that have been enunciated in block two that RFP was reduced to 11 pages in the statement of work, 8 pages of performance specifications and no MILSPECs.

And I mentioned also our use of integrated product teams, since we have shifted to that philosophy and even prior to the official memorandum coming out, 11 of the 16 scheduled Defense Acquisition Board reviews, which are the milestone reviews conducted by Dr. Kaminski, have been canceled because all of the issues were resolved prior to the date of that meeting.

So we were able to resolve all issues within OSD and the services without having to have Dr. Kaminski sit there and be the arbiter. And then finally on our rewrite of the DOD directive, to put it into this small set of mandatory rules we are in, right now, the final throes of getting a draft together that we hope we will have out by the end of August and circulating within the building. Again, another tremendous effort. This was a regulation that was rewritten a couple of years ago and took 2 years to rewrite, so that in the process of a couple of months, plus the time it will take us to coordinate this, which will probably be a good 6 months, we will have, I hope, a new regulation out.

That concludes my statement. I look forward to any questions that the members may have.

[The prepared statement of Mrs. Preston follows:]

**STATEMENT BY**

**DEPUTY UNDER SECRETARY OF DEFENSE  
(ACQUISITION REFORM)**

**MRS. COLLEEN A. PRESTON**

**ON  
ACQUISITION REFORM**

**BEFORE**

**COMMITTEE ON NATIONAL SECURITY  
UNITED STATES HOUSE OF REPRESENTATIVES**

**AUGUST 2, 1995**

We build the best weapon systems in the world, thanks to the ability and dedication of the people in DoD and industry. We know, however, that they have achieved this success -- often not because of the system, but in s spite of it. We can no longer afford to fight a bureaucratic and rule driven system -- we must be able to take advantage of the professionals we have in the acquisition workforce and allow them to exercise their judgment in making sound business decisions on behalf of the U.S. Government.

Additionally, new national security challenges require us to design a more flexible, agile, and timely acquisition process capable of meeting unpredictable needs. Declining budgets require us to become more efficient and effective, as well as to reduce the costs of our products and services. Finally, technology is developing at an even faster pace, is more often than not led by the commercial sector, and is available to the world. To maintain our technological superiority we must have access to the latest state-of-the-art commercial technology.

DoD, as an enterprise, must respond to these changes in every facet of how we accomplish our mission -- and the acquisition system is no exception. The bottom line is -- that we must design an acquisition system that can get out in front of these new challenges instead of reacting to them.

I appreciate the opportunity to be here today to address:

- what we are doing to totally reengineer the acquisition system to improve its responsiveness, reduce its cost, and facilitate the merger of the defense and commercial industrial bases;
- some of our accomplishments to date and a number of our on-going acquisition reform efforts; and finally,
- to highlight a few issues that we desperately need your help on -- because they require legislative changes this session.

Before getting into the substance of my remarks, I would like to say, on behalf of the Secretary of Defense, the Under Secretary for Acquisition and Technology, and all the men and women in the DoD acquisition community, that we genuinely appreciate the persistence of members of this committee in working with the House Government Reform and Oversight Committee and the Senate to pass *the Federal Acquisition Streamlining Act* last year. We all appreciate the fact that this is not a sexy issue and that solutions are complex and controversial. But the criticality of these reforms in terms of allowing DoD to reduce its infrastructure costs and avoid reductions in accounts that directly relate to our operational forces cannot be underestimated. Again, thank you for your continued support in this area.

## DoD's ACQUISITION REFORM VISION, GOALS AND ACTIONS

First, I would like to identify the four critical elements of our vision of DoD's reengineered acquisition system.

### **1. MEET WARFIGHTER NEEDS**

In addition to the more specific and actionable goals, there is one over-arching goal upon which there is no disagreement: **The primary mission of the acquisition system is to Meet Warfighter Needs** -- we must never forget that meeting the customer's needs is paramount.

### **2. WORLD'S SMARTEST BUYER**

The second of the five critical elements of DoD's vision of its reengineered acquisition system is to be the **World's Smartest Buyer**. We will utilize a reengineered acquisition process that encourages continuous learning and process improvement; where change is a constant rather than an exception; where there are incentives for personnel to innovate and to manage risk rather than avoid it; and where maximum advantage is taken of emerging technologies, particularly management information systems, that enable business process reengineering and enterprise integration. Bottom Line: We must emulate the best practices of world class customers and suppliers, develop our own best practices, and become the most efficient buyer possible. In order to do that we must be able to eliminate, to the maximum extent practicable, government unique terms and

conditions, unless that particular aspect of the buyer-seller relationship is not adequately "regulated" by market forces; the financial and ethical integrity of the government acquisition process is not adequately protected; or the furtherance of national domestic policies justify the use of a government-unique term or condition. If so, there should be a better balancing of the risk of abuse of the process and the benefits of socio-economic gains to be achieved, with the cost of compliance with government-unique rules for both the government and industry.

### **3. PROCURING BEST-VALUE GOODS AND SERVICES**

DoD will *Procure Best-Value Goods and Services*, by buying from world class suppliers, who are part of a national, as opposed to defense unique, industrial base, composed predominantly of commercial or dual-use suppliers capable of meeting DoD's needs and willing to sell to the U.S. government; and by using commercial practices to the maximum practicable extent, in order to ensure access to state-of-the-art technology, reduce the cost of products and services to the government, and reduce acquisition lead-times.

### **4. MOST RESPONSIVE (TIMELY & FLEXIBLE)**

DoD will establish and maintain the most responsive -- both timely and flexible acquisition system, where success is judged on the basis of performance related metrics -- did we meet our customers needs - both in terms of product or service required and the time needed -- rather than simple adherence to regulations.

**ACTIONS TAKEN OR IN THE PROCESS OF BEING IMPLEMENTED:**

- Secretary Perry's memorandum: *Acquisition Reform: A Mandate for Change*, set the stage for our re-engineering efforts.
- Secretary Perry's memorandum: *Use of Integrated Product and Process Development and Integrated Product Teams in DoD Acquisition*, captured many of the best practices from both the public and private sectors, and established them as policy within the DoD.
- Creation of the Acquisition Reform Communications Center to coordinate and facilitate acquisition workforce education and training efforts--getting the right message to the right audience, the right way and at the right time. Their most notable endeavor thus far was a satellite broadcast on June 28, 1995, that trained approximately 20,000 government and industry personnel on the implementation of the provisions of FASA '94.
- Providing incentives for acquisition personnel to innovate, while providing appropriate guidance, and the benefit of "lessons learned" in the past, by redesigning the purpose and approach of both the Federal and DoD acquisition regulations and policies, so they can better facilitate the acquisition process. Initial development efforts have started on an Automated Acquisition Information System composed of an "Acquisition Reference Set" or "Systems Acquisition Deskbook," "Interactive Tools," and a "Catalog"; rewrite DoDD 5000.1 and DoDI 5000.2; proposed rewrite of the Federal Acquisition Regulation.

- Creation of a DoD and government-wide Electronic Commerce/Electronic Data Interchange System for contracting that will provide "one face to industry").
- Secretary Perry's memorandum of June, 1994 requiring use of performance specifications; military specifications and standards are authorized only if waived by the Milestone Decision Authority.
- Use commercial practices to acquire military unique items, as well as commercial items, to the maximum extent practicable. (Pilot Programs authorized in FASA '94).
- Establish and maintain more effective working relationships with industry through use of Integrated Product and Process Teams. (Policy memorandum on May 10, 1995, by Secretary Perry as a result of the Oversight and Review Process Action Team report; input from the Defense Manufacturing Council meeting with DoD Program Managers, Program Executive Officers, and Systems Command Commanders).
- Maximizing the use of simplified acquisition procedures. (FASA '94)
- Under Secretary Kaminski's memorandum: *Reengineering the Acquisition Oversight and Review Process*; reduces unnecessary oversight and review of the systems acquisition process through implementation of the Oversight and Review Process Action Team recommendations. The net result of this is a shift toward early insight on program issues and activities, rather than after-the-fact oversight.

- Making DoD value-added team participants not "second guessers" or inspectors (both in relation to other organizations in the Department, and with respect to DoD's suppliers. (Implementation of Contract Administration Process Action Team recommendations).
- Streamlining and making more effective and realistic developmental, live-fire, & operational testing.
- Shifting from after-the-fact inspections, to government review of contractor process controls and review of output. (Issuance of SECDEF memo authorizing use of ISO 9000 standard in place of MilQ 9858A).
- Ensuring that DoD emulates the best procurement practices (e.g., timely, responsive, flexible and efficient) of world-class customers and suppliers including rewarding past contractor performance in source selections).
- Eliminating functional stove-pipes and replacing them with integrated decision teams that provide the necessary cross-section of functional "expertise" and organizational input to address and resolve acquisition issues at the lowest possible management level.
- Establishing clear process and outcome (performance-related) measures to determine success of change efforts.

**IMPLEMENTATION OF THE FEDERAL ACQUISITION STREAMLINING ACT OF 1994**

The regulations to implement the Federal Acquisition Streamlining Act of 1994 (FASA 94) in the Federal Acquisition Regulation (FAR) were grouped into 28 rule making cases. Three of the cases were subsequently integrated into other cases leaving a total of 25 such cases.

To date, six final rules have been published. One case has been published as an interim rule, the Simplified Acquisition Threshold/FACNET case, meaning the acquisition workforce is able to take advantage of its provisions now rather than waiting for the final rule to be published. We anticipate publishing an additional six final rules next week. Two cases are pending the Administration's approval before final publication, and we are finalizing eleven additional cases for publication in the late August time period.

Within the Department of Defense, we are implementing Defense unique provisions in several ways -- within the Defense Federal Acquisition Regulation Supplement (DFARS), through changes to Departmental Directives and Instructions, and in Memoranda from the Secretary or Under Secretary of Defense.

**ADMINISTRATION PRIORITY ITEMS  
FOR 1995 LEGISLATIVE ACTION**

There are a number of legislative changes the Department believes are critical to its continuing efforts to reengineer its acquisition processes and attain the vision outlined above. I have included in my written testimony an explanation of as many of the proposals

in the administration request, introduced as H.R. 1670, and those proposed for inclusion in the FY96 National Defense Authorization Bill as possible. Today, I would like to highlight for you only the top priority issues.

### **PROTEST REFORM**

The most critical issue to the Administration, including DoD, is to reduce the number of bid protests. Bid protests are highly disruptive of the procurement process. As noted in a recent GAO report on information technology procurements, protested procurements take approximately 30-40% longer to award than contracts that are not protested, and almost 40% of the government's information technology contracts over \$25 million are protested. The Administration's protest reform proposals are intended to improve the efficiency and timeliness of the acquisition process by significantly reducing the number of protests that are filed, while continuing to safeguard the interests of those unfairly treated in the acquisition process.

- *Establishing a uniform scope and standard of review in all judicial and administrative protest fora is the single most important proposal in the protest area.*

Currently, the General Services Board of Contract Appeals (GSBCA), which has jurisdiction to review the preponderance of information technology (IT) protests, reviews protests with virtually no limits on the evidence that protesters are able to present to the Board. Protesters are allowed to introduce, and agencies are required to defend their decisions, in light of evidence beyond that contained in the agency's file, even if such

evidence was never brought to the attention of the agency nor available to the contracting officer at the time the decision was made. This review is both costly and labor intensive. Suggestions to reform the IT protest process made in a recent Senate report (see Computer Chaos: Billions Wasted Buying Federal Computer Systems, Investigative Report of Senator William S. Cohen, October 12, 1994) called into question the benefits of subjecting a deliberative decision by the agency to review based on a new record hastily created in an adversarial proceeding.

Furthermore, the GSBCA reviews government decisions *de novo* and, unlike review of agency actions in other fora, gives little if any deference to the government action. This "second guessing" standard of review is extremely detrimental to the exercise of sound judgment by a contracting officer, particularly where an award is intended to be based on a "best value" determination. For example:

- In a recent Air Force IT procurement, the GSBCA upheld a protest where the Source Selection Authority chose to rely on the protester's disastrous past performance on prior government contracts to decide to award to a higher priced and technically superior offeror. The government's estimated costs of defending that protest included over \$100,000 in direct costs, with another \$50,000 in government labor costs (legal and other). These amounts do not include the award of costs to the protester (estimated at \$500,000) nor the costs that will be incurred by the government in conducting a reprocurement.

The Administration's proposal would require that the Board uphold a protest only if the disappointed bidder is prejudiced and either (i) that the decision was obtained in violation of procedures required by law or regulation, or (ii) that the decision was arbitrary or capricious. The Vice President's National Performance Review has endorsed this type of review because it holds decision makers accountable for their actions, without curtailing innovation and creativity through a fear of being second-guessed. It would also help to avoid the type of wasteful effort on protest avoidance (extensive agency documentation and quantification of decision-making process) that the Senate report found was occurring in IT acquisitions.

- *Providing a means for expeditious and fair resolution of contract protests (and claims) through uniform interpretation (by a single court, rather than several district courts) of laws and implementing regulations precludes forum shopping, and can be accomplished by consolidating court jurisdiction in the Court of Federal Claims and divesting the district courts of bid protest jurisdiction.*
- *Giving agencies the same authority to proceed with a procurement even if award of the contract has been protested at the GSBCA (just as they have at the GAO) preserves the agencies' (who are in a better position to know the urgency of their requirements) authority to proceed with the acquisition while a protest is pending when the agency determines that it is in the government's best interests.*

Further, the Executive Branch is currently examining agency protest procedures to determine whether they can be enhanced as alternatives to administrative protest fora.

The Army Material Command has currently in place a voluntary senior level agency review program for disappointed bidders or offerors. Within 20 days after a protest has been filed with the agency, the agency headquarters must make a final decision on the legitimacy of a contract award. That final decision is binding on the agency and its procuring activities. During this process, award is withheld and work stopped unless there is an agency override for urgent or compelling reasons. Since this program's inception, 290 protests have been reviewed in this venue, each in an average of 15 working days at an average government cost of \$13,686. Only 32 of these AMC decisions have been appealed to the GAO or GSBCA. Of those, 30 were decided in favor of AMC.

#### **EMPOWERING LINE MANAGERS (CONTRACT AWARD ITEMS)**

- *Authorizing contacting officers to conduct a competition among those sources initially selected will permit more effective balancing of competition requirements with efficiency in the contracting process. Potential offerors will know earlier on in the procurement if they do not have a likely chance for award, saving their time, money and resources and those of the agencies.*
  
- *Allowing agencies to limit the number of offerors in the competitive range to three when the contracting officer determines such action is warranted by considerations of efficiency, would enable agencies to expedite the procurement process, and will allow offerors that do not have a real chance of receiving award to save time and money by being removed sooner rather than later in the process.*

After initially evaluating each offeror's proposal, agencies now, according to General Accounting Office (GAO) and General Services Administration Board of Contract Appeals (GSBCA) decisions, must look for the "natural break" in making a competitive range determination. If there is any question as to whether an offeror should be included in the competitive range, the offeror is kept in the competitive range. The result is that, in order to avoid a protest, agencies generally will not leave any offeror out of the competitive range unless that offeror clearly has no chance whatsoever of being awarded the contract. Thus, many contractors who have no real chance of winning the award continue to incur bid and proposal costs, and the government is forced to expend precious resources evaluating bids that have no chance of winning.

#### **STREAMLINING SMALL BUSINESS PROCEDURES**

- *Amending the Small Business Act to authorize SBA to permit agency contracting activities to award 8(a) contracts directly to small and disadvantaged business firms (eligible program participants) unless the contracting officer or the small and disadvantaged business firm specifically requests the SBA to be a signatory to the contract would significantly streamline and simplify the 8(a) program.*

This delegation need not affect any other assistance that SBA offers to small and disadvantaged businesses. In addition, SBA would be able to revoke the delegation, at any time prior to the issuance of the solicitation, if such an action is determined to be in the best interest of the program or the small and disadvantaged business firm.

Under current law and regulations, contracts are awarded to small and disadvantaged businesses under the 8(a) program of the Small Business Administration(SBA) by the contracting activity awarding a contract to the SBA and SBA awarding a subcontract to the small and disadvantaged business. Normally, both the contract and the subcontract contain or reference a "tripartite agreement" which, among other things, permits the contracting activity to bypass the SBA for most contract administration matters and gives the small disadvantaged business the benefit of the "changes" and "disputes" clauses.

#### SAT/FACNET/PROCUREMENT NOTICE

- *Exempting procurements above the SAT, if accomplished on FACNET, from the procurement notice synopsizing requirements, and permitting the establishment of flexible wait periods before contract award, will greatly streamline the procurement process in terms of time and resources required.*

#### DEFENSE UNIQUE PROPOSALS BEING CONSIDERED FOR INCLUDED IN THE ADMINISTRATION'S PROPOSED FY 96 DEFENSE AUTHORIZATION BILL REQUEST

#### DEFENSE ACQUISITION PILOT PROGRAMS

*Sound management of our Defense acquisition programs is inhibited by a myriad of laws and regulations which are not applicable to the commercial sector. Authority to use pilot programs*

*to test relief from these requirements is essential to shift to commercial item acquisition and practices by DoD.*

This proposal expands the range of statutory waivers available to FASTA-authorized pilot programs to:

- Permit decisions concerning developmental and operational testing to be made by the milestone decision authority (MDA) not by the OSD OT&E Director;
- Allow use of standard commercial warranties against manufacturer's defects;
- Allow program status reports in a format set by DoD regulation; (vice unique Selected Acquisition Report/Unit Cost Report formats);
- Eliminate the separate manpower analysis; and,
- Allow the independent cost estimate to be done at MDA level (vs. OSD CAIG).

It also authorizes one new system, and one facility, pilot program.

## **TESTING**

- *The testing process must be streamlined to produce greater testing efficiency and affordability when procurement accounts are being drastically reduced, and the SecDef authorized to expand the use of contractors if impartiality is assured.*

## **WAIVERS FROM CANCELLATION OF FUNDS ("M ACCOUNTS").**

- *Would authorize two categories for which funds will remain available for obligation (without time limit) until the contract purpose is achieved.*
  - Satellite incentive fees (funds available until fee is earned).
  - Shipbuilding (funds available for contract price adjustments, close-out costs, settlement of claims, etc.).

COMPETITIVENESS OF UNITED STATES COMPANIES.

- *Many manufacturers of weapons systems for the DoD rely on FMS to keep their production rates at an efficient level, benefiting DoD and the taxpayer by keeping unit prices low. However, these manufacturers must be able to compete fairly on the world market against foreign manufacturers. This proposal would repeal the requirement to recoup non-recurring R&D charges on products sold through the Foreign Military Sales program.*

Mr. Chairman, members of the subcommittee, this concludes my prepared remarks. I would be happy to answer any questions you may have.

# *DoD's Acquisition Reform Vision*

DoD will become the world's  
Smartest (use of best practices),  
**Most Responsive Buyer** (timely & flexible)  
of Best Value Goods and Services  
that meet our Warfighter's needs.

*What we will have at the end of our Reform effort  
is the ability to purchase...*

*Smarter.....Faster.....Cheaper*

*while --*

- Fostering the development and maintenance of a globally competitive national industrial base,
- Appropriately balancing the risk of fraud, waste or abuse against the cost of preventive measures, and
- Appropriately balancing the benefits to be attained through supporting the Nation's socio-economic policies through the procurement process, with the cost to the system of imposing government-unique requirements on sellers.

# *Progress in Acquisition Reform*

- Joint Direct Attack Munition:
  - 100 page Statement of Work reduced to 7 pages -- Data requirements reduced by 70% -- NO MILSPECs or Standards
- Army Tactical Missile System (ATACMS)
  - Block I RFP: 503 page Statement of Work & 112 MILSPECs
  - Block II RFP: 11 page Statement of Work, 8 pages of performance specifications & NO MILSPECs
- Defense Acquisition Board (DAB) Meetings:
  - 11 of 16 scheduled reviews during CY 95 resolved all issues prior to formal meeting.
- Rewrite of DoDD 5000.1 & DoDI 5000.2
  - Empower acquisition professionals to use judgment and manage risk rather than avoid it -- Initial Draft August '95

The CHAIRMAN. Thank you, Madam Secretary.  
Dr. Kelman, we would be pleased to hear from you.

**STATEMENT OF STEVEN J. KELMAN, ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET**

Mr. KELMAN. Thank you, Mr. Chairman, Congressman Dellums, other members of the committee. I am very pleased to appear today on behalf of the administration to come again to speak to you about H.R. 1670, the Federal Acquisition Reform Act. As you know, procurement reform and continuing our progress on procurement reform is a priority for the administration. I am going to ask that my entire statement be submitted for the record, and I will make some other remarks.

The CHAIRMAN. Without objection.

Mr. KELMAN. Let me start off by addressing a question that I know has been asked and it is a fair question which is we passed the Federal Acquisition Streamlining Act just last year as a landmark piece of legislation and why do we need another law now? That is a good question, it is a fair question and I would like to address it from two viewpoints.

First, what it was that the Federal Acquisition Streamlining Act dealt with and what it did not deal with in the law. The FASA, last year, made great progress in two important areas of procurement reform. One is simplifying the way we do small purchases and the other is making it easier for the Government to buy commercial products. Those are two important areas. What FASA left untouched last year, did nothing to help out with, really left out of the bill entirely was a third very, very important area for making this truly a good procurement system. And that is how we go about doing our larger buys, the buys over \$100,000 that account for 90 percent of the procurement dollars that we spend in this country.

And what I would say is that that system that we use for making those larger buys is broken and in serious need of legislative and management remedy which is what the legislation is trying to address this year. I urge members of the committee to listen carefully to the diagnosis of Mr. Howard, who spoke to you earlier, as an outsider coming into the system observing this system as somebody who has extensive experience in the commercial world coming and looking at the Government world.

He says, he looks at it and says, this is crazy. The system we use is awash in a sea of monstrous paper proposals, written by professional proposal writers, then subjected to an arcane, bureaucratic process of point scoring and evaluation and so forth that bears no resemblance to anything going on in the commercial world. I would add the Nation's most distinguished academic expert on public contract law, Dr. Ralph Nash, emeritus of George Washington University, has said, I have heard him say, any outsider who comes and looks at the procedures we use to do our large buys in the Federal Government would look at this system and say, and I am quoting here, Dr. Nash, "This is crazy."

Let me add my own perspective. I am, in my normal life, an academic. I am a professor of public management at the Kennedy School, and I am devoting my career to improving the way the pub-

lic sector is managed. I spend my life, my normal life, but I am on leave working on public service, teaching young people who are seeking careers in public service. I actually, Congressman Dellums, have a student who just graduated from Berkeley who is the head of the student body at Berkeley, last year, Margaret Fortune, who is working as an intern in my office this summer, sure would be more than pleased to have a chance to talk with you about her experiences dealing with Government procurement officials and trying to change the system.

But that is my background, as a professor who cares, who has devoted his career to the management of the public sector. I will tell you that the research that I did as an academic, which I assume has something to do with my being named to my current position, to me clearly demonstrated that the bureaucratic, formalized system that we now use to make these large buys is seriously broken, it is not working, it is in need of repair.

FASA did not address those issues. They need to be addressed now. That is the first answer.

The second answer is the perspective of our career frontline procurement workers. I had an opportunity yesterday, Colleen and I have set up a forum where we meet every month with about 30 nonsupervisory frontline Government procurement workers. As it happened we had our meeting yesterday. I spent all day with them.

And let me tell you what the mood is among them. They are impatient. They cannot wait. They have just begun to glimpse a vision of a promised land, a vision of a world-class procurement system where they, at long last, are allowed to serve the taxpayer, which is what they have been trained to do, what they want to do, and what they wish to be given the opportunity to do. They see this vision. They are not sure if they can get there, but they see the vision and they see an opportunity that we have right now for reform and they are asking for Congress' help in making that vision that they see of a better procurement system a reality.

Again, I would extend an invitation to any member of this committee to come and join us at one of these meetings, we have them every month with 30 of our frontline workers, and talk to them, listen to them. Let me please extend an open invitation to any member of the committee to join those frontline people. They come from around the country and they are people who are on the front lines. They are asking for help.

So that is my answer to the question of FASA was a landmark piece of legislation. Colleen and I fought hard for it and the members of this committee fought hard for it. It addressed some very important issues. It did not address important issues about the way we do the large buys.

Let me go on from there. There has been a lot of discussion in connection with H.R. 1670 about issues of competition, openness in the system, streamlining and so forth. Let me express the basic philosophy of the administration on this. The basic philosophy of the administration is that we must put ourselves in a position to reap the efficiencies of vigorous competition without the associated burdens of bureaucracy that make a mockery out of genuine competition.

And we also must find a way to ensure the integrity of our procurement process without allowing, as the current system does, an onslaught of destructive litigation and bid protests. And we believe in the administration that the actions taken by the Government Reform and Oversight Committee in its markup of H.R. 1670 are a very good step in those directions. And with the help of this committee, I believe that the Federal Acquisition and Reform Act can be a vehicle for achieving significant and genuine reform.

As I said, our key message, and what I said the last time I testified before this committee is the administration's view is that competition yes, bureaucracy no. Another way to express that is we need to preserve open access but we are also in desperate need of streamlining.

The Competition In Contracting Act of 1984 did a good deal to instill the concept of openness in the process and we think that is a good feature of the Competition In Contracting Act, however, the Competition In Contracting Act did very little to allow or to provide agencies the tools to take advantage of this openness in an efficient manner and in a manner that allows contracting officials to exercise good common sense and sound business judgment.

For that reason, I am pleased that the markup of H.R. 1670 recognizes that the concept of full and open competition should continue but, at the same time, recognizes that the idea of competition must be pursued in a manner that is consistent with the needs of the Government and the taxpayer efficiently to engage enough to fulfill the Government's requirements and with the ability of our contracting professionals to show good judgment and common sense.

Let me talk about some of the specific streamlining techniques that we believe are authorized or specifically authorized by H.R. 1670 that we regard as particularly valuable. And the two I want to talk about are a two-phase selection process and simplified procedures for commercial procurements.

Let me start off and explain the idea of the two-phase selection process. A two-phase selection process, as the name implies, has two phases. We will start off with that. The basic idea here is to say that let us open up the system at the beginning to anybody who wants to come in. But let us let the Government, when it opens up the system, give any competitor an opportunity to provide a limited amount of basic information, not a full-blown, multi-million dollar proposal, a limited amount of basic information on which the Government can then make a further judgment about which of these competitors are serious competitors who then can be invited to present full-blown proposals and participate in the full-blown competition.

That is just common sense. It corresponds with the criticisms we have heard from industry about the enormous cost of writing these proposals in situations where they have no real chance of getting selected. So we think that is a commonsense reform.

We believe that H.R. 1670 intends to authorize that two-phase process. We are, though, a bit concerned that the promise of that two-phase selection procedure may go unrealized for two reasons. First, although we understand that H.R. 1670 intends to authorize that procedure, we are afraid that agencies will not be willing to

take advantage of it unless it is more specifically authorized in statute. So we do understand that the intention is to authorize this, we ask you to work with the Government Reform and Oversight Committee as the bill proceeds to the floor to make sure that language specifically authorizing a two-phase procedure is included.

Second, we are very worried, and this is based on my own conversations with our frontline people, that agencies will not take advantage of this streamlined procedure unless they are protected against all but the most meritorious litigation and bid protest. When the agencies make these down-select decisions early on in the process, the decisions will inevitably be more subjective and they will be based on something less than 50,000 pages of paper.

And I think the agencies are afraid of an onslaught of bid protest litigation and, therefore, we strongly urge you, as you work with the Government Reform Committee, to further craft this legislation that we make clear in statute that any protest resulting from such a down-select decision be sustained only on a clear and convincing showing of an abuse of discretion by the Government. That only the most meritorious protest be allowed to proceed, or else I am afraid that agencies will not make use of this very innovative contracting possibility.

The other feature of H.R. 1670 I wish to commend that is specifically in the statute, and we strongly support it, are the procedures or the provisions in H.R. 1670 that make it easier for the Government to use simplified procedures when buying commercial products. And it is a matter of common sense to say that if we can use more simplified procedures in doing so that will give an incentive for the Government to use more commercial products.

I know that some concerns have been raised about this provision in H.R. 1670 about whether the use of simplified procedures will restrict competition. And because there is apparently some confusion over this, I want to make very clear that the ability to use simplified procedures would not relieve a contracting officer of the statutory requirement to seek, to may have widespread public notice of the contracting opportunity.

The Federal acquisition regulation makes clear that in the use of simplified procedures over \$25,000, for any contract over \$25,000, even where you use simplified procedures, you must make a widespread public notice. That would not change, this would not restrict competition.

What these procedures would allow us to do is to get away from the reams of paperwork because of complex evaluation schemes, complex scoring models and so forth. Unfortunately as a result of the rescissions, the executive branch does not have the money to print up larger documents. DOD was spared from some of these rescissions. But this was all we could afford.

But what this is, members of the committee, is a picture of the documentation that a company had to submit for a commercial product buy of MRI machines. This is to sell to the Government a standard off-the-shelf commercial product. This is the proposal and the documentation that they had to submit to their bids. This is absolutely ridiculous. And this is what H.R. 1670 would get us

away from by allowing us to use less documentation and simplified procedures when the Government is buying commercial products.

The system we have now scares away businesses, small businesses, particularly who cannot afford—a small business cannot afford to hire professional proposal writers to prepare this kind of stuff. This just keeps commercial businesses away from doing business with the Government. We need to get away from it. We strongly support the provision in H.R. 1670.

Last, I would like to talk—and I wish I did not have to—but this is something that came up in the markup of the bill in the Government Reform Committee, a problem that from the administration's point of view emerged at that hearing.

As you know, FASA contained a provision that would benefit State and local taxpayers by permitting a State or local government to when it chooses, no requirement, when it chooses to take advantage of the GSA supply schedules. When it is a lower price to buy something from a company on the GSA schedules FASA allowed the State and local governments to do that. The idea behind that is simple, it is just to save money for the State and local governments to allow them to buy less expensively when they choose.

Unfortunately, even before we could implement this regulation, a special interest campaign has surfaced to repeal this authority. This campaign, if successful, would deprive State and local governments and the taxpayers of States and localities from the opportunity to buy off companies on Federal contracts when it is cost beneficial to do so.

If this provision of FASA is repealed, taxpayers will lose. An amendment was presented, unfortunately, during the markup of H.R. 1670 to repeal this authorization. Fortunately it was at least temporarily withdrawn after opposition emerged within the committee. However, we would like to alert this committee that we fear this amendment may reappear during floor consideration of the bill. And the administration would like to urge committee members vigorously to support State and local taxpayers in preserving this money saving provision of FASA.

Mr. Chairman, Mr. Dellums, that concludes my prepared remarks and Colleen and I would be happy to answer your questions.

[The prepared statement of Mr. Kelman follows:]



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL  
PROCUREMENT POLICY

NOT FOR RELEASE UNTIL  
DELIVERY AUGUST 2, 1995

STATEMENT OF  
STEVEN KELMAN  
ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY  
BEFORE THE  
COMMITTEE ON NATIONAL SECURITY  
UNITED STATES HOUSE OF REPRESENTATIVES  
AUGUST 2, 1995

Chairman Spence, Congressman Dellums, and members of the Committee, I greatly appreciate the opportunity to appear before you again to discuss the Administration's views on H.R. 1670, the Federal Acquisition Reform Act of 1995. As you well know, making our procurement system more efficient and effective has been -- and continues to be -- a priority of the Administration. I am very pleased to tell you that in the two months since I last testified, we have been working diligently to identify with even greater clarity both the problems that are plaguing agencies in their efforts to provide substantially increased value to taxpayers and the solutions that can bring about effective and lasting reform.

Your leadership was crucial in securing the passage of the Federal Acquisition Streamlining Act (FASA), which has made long-awaited improvements in the way smaller-dollar buys are transacted. Your help will be equally critical to bringing about much needed improvements in how we make larger purchases. I commend you and the members of the Committee for your willingness to join in this important effort and hope the Administration can count on your support in bringing about meaningful change this year.

Our goal is clear: we must put ourselves in a better position to reap the efficiencies of vigorous competition without the associated burden of bureaucracy and to ensure integrity in our process without allowing an onslaught of disruptive and costly protests. I believe the actions taken by the Government Reform and Oversight Committee in its markup of H.R. 1670 are a good step in this direction. With the help of this Committee, I am hopeful that The Federal Acquisition Reform Act can be a vehicle for achieving genuine and significant procurement reform. Let me take a few moments now to describe how this can be done.

#### Streamlining Competition

It is imperative that the final design of our reshaped procurement system, irrespective of the particulars, allow the government to move towards the kind of streamlined, value-oriented competition that exists in the commercial marketplace. As I stated when I last appeared before you, the Administration's

byword is: "competition yes, bureaucracy no." True to our word, we remain committed to preserving the open access that has become a hallmark of our modern day system. The reason is simple: the vigorous competition that comes with giving all responsible sources the initial opportunity to participate can translate into lower costs and greater innovation. But, only if contracting officers have the ability easily and effectively to focus, from among the many sources that express an initial interest, on those that stand the most likely chance of receiving an award will the benefits of lower costs and greater innovation be realized. If both of these elements -- openness and streamlining -- are not solidly implanted in our system, it will never be able to deliver the value owed to our taxpayers.

While the Competition in Contracting Act did much to instill the concept of openness in our process, it did little to provide agencies with the tools to take advantage of this openness in an efficient manner, as well as in a way that allows contracting officials to use common sense and good business judgment. For this reason, I am pleased that H.R. 1670 as reported by the Committee on Government Reform and Oversight recognizes that full and open competition must be pursued in a manner that is consistent with the need efficiently to fulfill the government's requirements. I believe it was the Committee's goal through this language to authorize more efficient downselect decisions, such as through a "two-phase" procurement process and more aggressive competitive range determinations. Even more clear is the

Committee's desire to simplify the manner in which commercial buys are made. Let me take a moment to discuss why each is so important to the Administration.

**Making Downselect Decisions More Effective through a "Two Phase" Selection Process**

In a typical procurement, many of those sources that express an initial interest will ultimately not be competitive. Unfortunately, our traditional approach to procurement fails to address this issue adequately. As a result, sources can find themselves devoting significant time and money to compete for work they are unlikely to get. Not surprisingly, industry has commented that they would like to know earlier in the competition if they do not have a likely chance for award. At the same time, agencies can find themselves having to expend resources they can ill afford to waste evaluating offers that are unlikely to be selected.

One way to avoid this inefficiency is to initiate a competition with a streamlined process where sources submit basic information as requested by the contracting officer and permit a limited number of sources to be selected to participate in a further competition that would involve the submission of formal offers. As we envision it, sources in the "initial" phase of competition would be just that: "sources" -- as opposed to offerors. They would have a full opportunity to compete, but would focus on how their capabilities might fit with what the government is generally looking for, rather than going through

the time and expense of thinking up a detailed solution to meet the government's needs. This would save participants the cost of preparing detailed proposals and save the government the time spent evaluating them, when a simpler submission could effectively enable the government to identify those sources that are likely to submit the most competitive offers. (Of course, a contracting officer could request a detailed technical proposal in the first phase if it felt this would be appropriate under the circumstances.)

We would encourage consideration some cost information in this first phase. An agency would have the flexibility to get information on overhead and labor rates, the source's past performance in controlling costs on similar projects, whether the source has the reputation of being low, middle, or high priced, and other such information short of a detailed cost proposal. Limited cost information could help an agency identify those contractors likely to offer the best value.

Finally, we would authorize an agency to establish from an initial selection a verified list of vendors who would compete for repetitive procurements within the general scope of the initial competition. Provided lists were opened periodically to add or substitute sources, this authority would enable agencies to utilize much more effectively the competitive process.

In short, the two-phase selection process is precisely the sort of tool that would enable agencies efficiently to deliver to the taxpayer the value offered by a process with open access.

While I believe H.R. 1670 intends to authorize the process I have just described to you, I am a bit concerned that its promise may go unrealized for two reasons: First, agencies may be reluctant to take advantage of this innovative way of thinking if it is not more expressly authorized by Congress. And while the bill does provide explicit authority to conduct competition among verified sources, it appears to require that notice be provided before each repetitive competition. As long as such competitions are within the scope of the initial competition -- for which widespread notice would have already been given -- we would ask that further notice not be required, since this would largely undermine the efficiency of this tool.

Second, agencies are likely to shy away from any practice -- no matter how promising -- that might invite increased exposure to bid protests. The feedback I have gotten in conversations with agency front-line procurement personnel about a two-phase approach has been overwhelmingly positive. They see significant savings for vendors through reduced bid and proposal preparation costs and for the taxpayer in not having the government be required to evaluate offers that are not likely to be selected. Yet, at the same time, these front-line personnel are telling me that, given the high degree of discretion and reduced documentation that would be involved in the downselect decision, they are simply afraid to use this authority because they fear increased protest vulnerability.

Mr. Chairman, the government cannot afford -- any more than could a company in the commercial world -- to allow its customers to manage it through litigation. For this reason, I strongly urge you, as you further shape the provisions of your bill, to make clear that any protest arising under or relating to a downselect decision of the contracting officer occurring prior to final selection (whether in a two phase process, an aggressive competitive range determination or some other means) can be sustained only upon a clear and convincing showing that the contracting officer's decision was an abuse of discretion.

The Administration has developed language which we believe effectively addresses these various concerns about implementing two-phase procedures. We would be happy to share this language with you. We hope that you can work with the Government Reform and Oversight Committee to ensure that such language is incorporated into the bill as it works its way to the floor of the House.

**Using Simplified Means to Buy Commercial Items**

Mr. Chairman, I wish to compliment you for providing the means in H.R. 1670 to make commercial item buys easier through the use of simplified procedures. As you know, the Administration has been a strong proponent of action to facilitate the purchase of commercial items. The ability to use simplified procedures will give agencies a further incentive to take advantage of the economies and innovations offered by the commercial marketplace.

I know that some concerns have been raised regarding whether use of simplified procedures will restrict competition. We agree that open access must be maintained in our system so that we can continue to take advantage of the benefits of vigorous competition. While there is apparently some confusion on this point, the authority to use simplified procedures would not relieve a contracting officer from the requirement to provide public notice of a contracting opportunity. The Federal Acquisition Regulation (FAR) makes clear that a contracting officer must provide widespread public notice for contract actions above \$25,000. Thanks to FASA, however, contracting offices now have the ability, once interested sources have identified themselves, to get the bureaucracy out of the selection process for purchases between \$25,000 and \$100,000. Among other things, formal evaluation plans and scoring of quotes are not required, and simplified documentation practices may be used.

This is the kind of streamlining we wish to bring to larger buys for commercial products. While development of detailed specifications and formal evaluations may be needed under certain circumstances, and can be provided for in the FAR under the language in H.R. 1670, I applaud you for recognizing that they are largely unnecessary in commercial item buys in any amount. The rigors of the commercial market already help to ensure that vendors offer proven products. In many cases, a consideration of price in combination with an evaluation of the vendor's and the

product's past performance is all that is really necessary to make a best value determination. Permitting the use of streamlined procedures will save agencies the time and expense of designing detailed evaluation schemes to analyze lengthy proposals, and it will save vendors the cost of describing in a detailed proposal what can be effectively communicated through customary commercial marketing tools.

Of course, simplified procedures do not excuse a contracting officer from the responsibility to use good business judgment and be able to provide good rationales for his or her decisions. But they do relieve the contracting officer of having to undertake burdensome steps unheard of in the commercial world that delay the acquisition process, interfere with good business judgments, and add little to no value. Equally important, it saves vendors the expense of complying with such burdensome requirements. This, in turn, will encourage new commercial firms, both small and large -- many of whom currently refuse to do business with the government, to be willing to do business with the government.

#### Reforming the Protest Process

Mr. Chairman, as you well know, the Administration has made protest reform a key focus of our efforts to strengthen our procurement system. Litigation is excessive, especially on information technology (IT) procurements at the General Services Administration Board of Contract Appeals (GSBCA). While Congress obviously hoped that the increased scrutiny of the GSBCA process would improve the quality of the IT contracting process, it is

instead creating side effects that agencies cannot afford and taxpayers should not have to bear. Specifically, such scrutiny is discouraging innovation by increasing risk-aversion and expanding bureaucracy. In addition, it is creating an unproductive atmosphere of animosity and forcing agency programs to absorb added disruptions and costs. And, despite these high costs, IT procurements are largely viewed as being perhaps the most troubled area of government contracting. Let me take a moment to remind you of just how high a price the taxpayer is paying for this excessive litigation.

#### **Disruption Caused by Current Process**

The very nature of the so-called "de novo" review process used by the GSBCA lends itself to second-guessing and a degree of examination well beyond what is needed to determine whether an agency's actions were reasonable. This occurs because de novo review permits the GSBCA essentially to redo the procurement process based on its own analysis of the agency's actions.

While even the GSBCA itself will admit that an agency -- not an outside adjudicatory body -- is in a better position to determine how to meet its mission, de novo review permits the board to substitute its judgment for that of the agency by sanctioning it to rework the entire evaluation process. To undertake such a review simply to determine if a contracting officer decision was reasonable is wasteful, intrusive, and invites precisely the type of inappropriate second-guessing that discourages innovative and creative thinking.

**Increased Cost Caused by Current Process**

Agencies find themselves having to expend considerable resources to defend a GSBCA protest. A report on computer chaos by Senator Cohen indicated, for example, that the Army pays almost ten times the cost to defend a protest at the GSBCA than for a protest lodged with the GAO. This is probably due, in large part, to parties having to engage routinely in extensive and costly discovery at the GSBCA to create hastily a voluminous record upon which the board can make an independent assessment.

In addition to resource costs, there is the monetary cost of delay in implementation of the contract -- which can be significant if the agency is forced to sign an extension with an incumbent at a cost considerably higher than that which would have been paid if a contract was entered into with the awardee.

**What We Must Do**

The markup by the Committee on Government Reform and Oversight removes some of the most objectionable features of the bill as originally introduced, and is a step in the direction of removing some of the disruption and cost from the current IT protest process. However, we believe further steps must be taken if we are to achieve meaningful protest reform. We must ensure that the protest function for all procurements is returned to its proper role of ensuring simply that goods and services are being acquired in a rational manner.

Approximately 15 information technology companies have recently expressed their support to me for aggressive

congressional action to curb the burdens and adversarial environment created by the present process. These organizations understand that our objective must be to ensure rational judgment -- not process perfection. They appreciate that redress for incidents of arbitrary and capricious decision-making and other violations of procurement law that would cause material prejudice can be provided in a manner that is relatively inexpensive for both parties and non-intrusive to the agency. Finally, and, perhaps most importantly, these organizations recognize that the time for bold Congressional action is now, as agency budgets and workforces continue to diminish. I urge you to join with them and the Administration in going further to secure genuine reform.

Other provisions

Before concluding, I would like to briefly discuss the Administration's views on a few other issues on which I have not spoken previously.

**Value Engineering**

Mr. Chairman, I would like to commend Congresswoman Collins for seeking the inclusion of a provision in H.R. 1670 that would increase the government's use of value engineering. We share her enthusiasm for this initiative and other business improvement programs. In fact, we have requested the inspector general in each agency to conduct an audit of agency implementation of the value engineering requirements set forth in Office of Management and Budget Circular A-131. In addition, we are currently reviewing that circular to see how it can be improved.

**Mandatory Incentive Clauses**

One provision of H.R. 1670 would require a clause to be included in all cost-type or incentive-type procurements that would provide for awards to contractors for exceeding the contract cost, schedule, or performance goals, and penalties applied to the contractor if such goals were not met. Through its performance measurement provisions, FASA provides proper incentives for agencies to improve the performance of their contractors. I believe the decision to select the most appropriate contractor incentive in any given situation is best left to an agency.

**Cooperative Purchasing**

As you know, FASA contained a provision that would benefit state and local government taxpayers by permitting a state, political subdivisions of a state (including a local government) the Commonwealth of Puerto Rico, the government of an Indian tribe as well as qualified agencies for the blind or other severely handicapped, to purchase products off federal government supply schedules contracts when agreed to by the schedule contractor. This "cooperative purchasing" authority grew out of a recommendation of the National Performance Review to reinvent government. The idea behind the provision is simple: if the federal government is able to take advantage of quality discounts to negotiate better prices on products, we should allow taxpayers at the state and local level to benefit from this as well.

Unfortunately, even before we could implement this provision, a special interest campaign has surfaced to repeal this authority. This campaign, if successful will deprive states and the other entities I mentioned of the opportunity to choose to buy off federal contracts where it is beneficial to do so. If this provision of FASA is repealed, taxpayers will lose.

An amendment was presented during the mark-up of H.R. 1670 to repeal the FASA authorization of cooperative purchasing. Fortunately, it was withdrawn after opposition emerged within the Committee. However, we fear the amendment may reappear during floor consideration of the bill. The Administration urges committee members vigorously to support state and local taxpayers in preserving this money-saving provision of FASA.

#### **Additional Provisions**

There are a number of provisions that were included in the Administration's acquisition reform proposal which are not included in H.R. 1670 including several technical amendments to FASA. We would like to provide them to the Committee for consideration.

#### **Conclusion**

As I stated when I appeared before you in May, we are in a period of rapid change which demands that we question the traditional ways of conducting procurements. Nowhere in the government has change been more dramatic than in the Defense Department, where downsizing demands that the Department be able to provide more with less. Thanks in large part to the tireless

efforts of Colleen Preston and her acquisition reform staff, and the dedicated efforts of the service acquisition executives, DOD is positioning itself to meet the new challenges imposed on our procurement process by the effects of downsizing. Mr. Chairman and members of the Committee, I hope we can count on your cooperation in bringing to large dollar purchases the sorts of reforms FASA has brought to smaller ones. Only then will DOD and the rest of the government be able to effectively serve the taxpayers in these demanding times.

This concludes my prepared remarks. I will be happy to answer any questions you may have.

The CHAIRMAN. Thank you, very much, both of you.

I am impressed by the fact that the administration evidently strongly supports this legislation and is interested in doing something about the problem we have. I certainly appreciate the views of both of you and I respect both of you because of the work that you do.

Ms. Preston, having known you for a long time, here with this committee and since that time, you know, last year Mr. Dellums and I and some others, as have been mentioned, focused on the process, I guess you might say, of acquisition reform. And this year, in our earlier bill, we mandated something be done about the structural reform mandating downsizing. There will be a number of people involved in the process and I understand that DOD is thinking along the same lines as we are, too.

What is being done by DOD in that respect?

Ms. PRESTON. Sir, we have been downsizing the acquisition work force at a rate of about 8 percent a year and I know this is something that Congressman Hunter is interested in as well. I actually have a chart that I think explains it better than I can say it almost. If you look at the acquisition work force, it is the green line that you see in the center. We use, as the zero figure, the baseline of 1980, which is before we began the buildup in funding of the Department of Defense.

So if you look at that point in 1980, and then you see the tremendous leap in funding on our investment accounts, our procurement R&D accounts and a portion of O&M. That jumped almost up to you see the almost 95 percent figure. The acquisition work force never got above 20-percent change even at the peak. It lagged about 3 years. And never got above 25 percent at all.

Since that time, we have started the down-swing and, of course, we are having, because the procurement budget spiked so highly it went up. It is now coming down much more dramatically, at a 65-percent rate, as opposed to the acquisition work force which is coming down at an 8-percent rate. But it is not that we are not bringing the work force down at the same rate as the budget, because we never brought the work force up in reaction to the increase in the budget.

Right now, we are already below the levels that we were in 1980 in terms of acquisition work force staffing. And we have planned to continue to reduce that level, and by the year 2001 we will actually be 20 percent less than we were in 1980, before we even began the buildup, even though the budget will flatten out, in essence, during this period of time.

The other thing I might just mention is that although we have stated it in these terms because that is the way the issue has come up in many instances here, in the committee, tying the acquisition work force numbers to the budget is a false measure of what should be an appropriate relationship. There is a relationship there but, in fact, it is not one of taking the work force down because our work is decreasing, it is one of we only have a certain amount of resources and we are either taking a war fighter out or we are taking out an infrastructure person.

So, in fact, the work force has declined, but the work load has not declined to the same degree. Because if I am a contracting offi-

cer, and I am awarding a contract for \$7 billion the fact that this year that contract is only at \$4 billion does not make a whole lot of difference to me. The amount of work I have to do to award the contract, the amount of work I have to do to administer the contract, the amount of work I have to do if there is a termination or a cancellation is the same, whether that contract was \$7 billion or \$4 billion.

Yes, you can look at some extremes and say, of course, a small purchase is not going to take me nearly as much work as a large purchase. But when you look at dollars as a measure of what the acquisition work force should be it is really a very misleading factor and something that is not reflective of the work load.

And, in fact, the black line that you see, and we have not projected it out, the bottom line on this chart is actually what we think our contract actions above \$25,000. So you can see that we have had really no decline. We have had some peaks and valleys, but no decline in the work load in terms of the contract actions.

The CHAIRMAN. Thank you, Ma'am.

Mr. Dellums.

Mr. DELLUMS. Thank you, Mr. Chairman.

I have a number of questions and I would like to begin near the end of the presentation and start with Dr. Kelman.

You made an assertion or suggested something in the course of your remarks that appears to this gentleman to be counterintuitive. Conventional wisdom would say that the more open the competition the higher the bar, the higher the standard for the ability to protest. And the more you restrict competition the lower the bar because people should have the freedom to challenge when you are in a restrictive environment. But in your testimony you went just the reverse and it seems to me counterintuitive, because you are saying on the one hand, restrict competition, we are not talking about full and open competition because we need to have just enough competition to be able to do the job. And then in the next sentence, you suggested that we also restrict the protest capacity. And, again, that seems to be counterintuitive. Because it seems to me you are going to have more protests when you, in any way, tamper with the competitive process. Would that not make sense?

And if that is the case, how do you explain what, on the face of it, appears to fly in the face of conventional wisdom in that regard.

Is that question clear?

Mr. KELMAN. I think so, yes, it is, sir.

Let me do my best to answer it and if I did not answer it properly that probably suggests I did not understand it well enough, so please feel free to follow up.

I would say this, that I appreciate your discussion of the beginning and the end of the process because we do need to care about both ends of the process. What I would say, first, is that we are not suggesting that there not be open access to the system. We support open access to the system. What we are trying to get rid of is the excessive bureaucracy and formalism in the process that adds on to lead time, creates customer dissatisfaction, increases bid and proposal costs, and so forth.

I agree with you that one of the important streamlining techniques that we believe is crucial, namely the idea that I discussed in my testimony of a two-phase selection process, that it is true that that streamlining measure is not protected by statute from all but the most meritorious protests. We are, indeed, afraid of a flood of litigation from, you know, from disappointed companies. And we are further afraid that if that flood of litigation comes people in the Government agencies will not make use of the streamlining authorities in the first place. So we are, indeed, asking Congress on some of the streamlining efforts that we are suggesting to protect the system against litigiousness, and excessive litigation.

I think that the example of the danger of a growth in litigation coming from a streamlined procedure such as the two-phase selection process also suggests, I think, that the connection between upfront streamlining and bid protest is perhaps, in our view, a little bit different from what I think you were suggesting in your question. I sometimes hear the view that we are going to loosen up the system in the front and allow people more discretion and so forth, and then we are going to tighten up more bid protests at the end. I think that, to use the language that my 12-year-old daughter would use, this does not compute.

In fact, in reality what will happen is that if our career people are subjected to, you know, harassment from any disappointed offeror and the nightmare of the current litigation system—particularly as it applies in GSBCA which the administration is asking this committee for help in reforming—that if we continue to have the oppressive, excessive litigation that we currently have in the system, if Congress does not come in to stop that, no changes we make upfront in the process are likely to have the desired streamlining effect, because people will not use them. It is sort of like defensive medicine, because people feel malpractice suits, you get defensive procurement where people add on more and more bureaucracy in the process to protect themselves against the lawyers coming in and suing them.

Ms. PRESTON. Mr. Dellums, if I could just add on to that an anecdote, that at one of our recent meetings with the service acquisition executives and Dr. Kaminski and Mr. Longemeyer, one of our service acquisition executives had just returned from a 6-hour deposition. And the reaction of that individual on a protest on a particular procurement was, you know, when I took on this job no one ever said that I would have to sit there and justify my decisions for 6 hours before anyone. This is an outrage. You know, I have been a career Government civil servant for over 25 years and to subject me to this kind of treatment is just outrageous.

And that is, unfortunately, the reaction of most of the people who have to go through this process. They say, you know, who is this lawyer and who gives him or her the right to come in here and challenge my decisions that are made on the basis of 25 year's worth of experience sitting here working in the Government while they are out in the private sector.

Mr. DELLUMS. Well, I appreciate the response of both of you, I would just first say, Mr. Chairman, that I think this is a significant issue. Because, in my opinion, my colleague's comments notwith-

standing, I still think this is counter-intuitive and something we need to look at.

But I would respond, first, by saying to put this whole thing in proper perspective our first responsibility is a fiduciary responsibility, a responsibility of fairness to the taxpayer, that is No. 1.

No. 2 is for us to engage in the business of dealing with the legitimate and enduring national security needs of this country, from the standpoint of this committee. And third, is the comfort of the bureaucrats. That is not first.

I think it is important to put this in context. I would like for—and I am not antibureaucrat, and I do not use that term in a pejorative way—but I do not think that is the first responsibility. Our first responsibility is a fiduciary responsibility. We are, indeed, the Government. People have access to the largesse of this country and we have to make sure that is done in a way that speaks to fairness and openness. In that regard, I can understand the bureaucrat being upset but we have a larger responsibility that puts that comfort at a third level, not at a first level. That would be my slant, and you can respond to that, if you choose.

But I would be interested to see how Mr. Doke feels about the response. But let me go back to two of your charts.

Chart No. 2, your smarter, faster, cheaper chart.

Ms. PRESTON. Yes, sir.

Mr. DELLUMS. Point No. 2 and you mentioned whether we could see it at our age. It is easy to see off distance, it is up close that gives us problems.

Ms. PRESTON. I cannot read them from here.

Mr. DELLUMS. On point No. 2 where you talk about balancing the risk of fraud, waste, and abuse, the question that I would ask is does that mean that in the context of reform, that you are saying that you are willing to or accept the possibility of a higher level of waste, fraud, and abuse as a result of this balancing act that we refer to as reform?

Is that an inherent part of that comment?

Ms. PRESTON. No. I think I would prefer to state it in a different way and that is that we will never, no matter what we do, prevent certain abuses of the process. There are laws on the books, for example, that made illegal every activity that occurred during Ill Wind. So there was nothing there that was a problem in the system. Everything that those people did was a violation of law. The question is how many policemen do we put on the beat to make sure that nobody violates the law?

And that is where I am saying we have set up a maze of rules and regulations that are intended to make sure none of this ever happens, and because of that, the maze now has bogged down the process to the degree that the expense of maintaining that maze so far outweighs any potential for fraud or abuse of the system.

So you catch an individual who ends up—you know, I cannot even think of an instance where we are talking about now because Ill Wind was such an anomaly. But in terms of the typical fraud, waste, or abuse it is going to be something of saying that they directed the procurement to one particular company. That is very difficult to do particularly in a major systems acquisitions process where so many people are involved in the decisionmaking that it

is, you know, I do not care what people think and I do not care what the decisionmaker tells you, that there is so much documentation all the way through the process that it is fairly easy to see where changes have been made and to document where an individual deviated from a decision if that occurred.

But they are almost committee decisions in so many instances that it is very difficult for any one person to have a major impact on the procurement process.

Mr. KELMAN. If I could just followup on that, sir?

Mr. DELLUMS. Surely.

Mr. KELMAN. I think our basic philosophy should be that we should try to deal with those kinds of criminal corruption kinds of problems through the criminal system and through white collar crime investigations and so forth. The administration asked, in H.R. 1670, that the maximum criminal penalties for violation of procurement integrity laws, the sort of selling inside information and so forth, be increased from 5 to 15 years. We were pleased to see, although it was not in the original bill, that the committee mark incorporated that increase in criminal penalties.

That is the right approach rather than screwing up—excuse my language—the entire procurement system. We do not ban sidewalks because there are muggers. We do not ban the Internet because there are hackers on it. I mean let us deal with the bad apples in the system as bad apples not changing the whole system.

If I could also, sir, just briefly respond to your previous remarks about the comfort of the bureaucrats. I agree with you. Again, like you, I have devoted my entire career to public service, mostly outside of the Government. And obviously the interests of the taxpayer are absolutely key here. I think one of the things I have learned since coming into the Government and one of the, I would say, greatest most pleasant surprises that I have had since I have come into the Government is seeing the high level of devotion to the taxpayer and the interests of the taxpayer on behalf or on the part of our career contracting work force.

They are not asking for changes in the system to make their lives easier; they are asking for changes in the system to allow them to serve the taxpayer better. That is the promised land that they are seeing.

Mr. DELLUMS. I appreciate that.

Ms. PRESTON. I would also like to follow up on that, if I could, Mr. Dellums, just very quickly because I am afraid that I may have made a misleading statement when I talked about the fact that these people were outraged.

What they were outraged about was that someone was questioning their judgment as to what was in the best interests of the Government. That someone who did not really understand the process, who had never served a day in their Government's service would question the dedication and the devotion to looking at what is in the best interest of the taxpayer of an individual who has stayed in the Federal Government for 25 years. That is what their outrage was.

Mr. DELLUMS. OK. Mr. Chairman, with your indulgence I would just like to ask one more additional question.

The CHAIRMAN. Surely.

Mr. DELLUMS. Could we go to your chart No. 3

Ms. PRESTON. Yes, sir.

Mr. DELLUMS. In your chart number three it is interesting that you laid out several very positive things. No one told these folks to do it, they just did it because it made sense. Does that chart argue for the notion that maybe a great deal of these problems are cultural problems that get handled from the standpoint of changing the acquisition culture rather than legislation? Because it seems to me that the current system allowed these folks to do these great things.

Does that mean that a bumper sticker, you know, kind of approach, just do it. Maybe that is what this says, just do it. That the Army with ATACMS, they just did it. The JDAM's, they just did it. Because I remember, Mr. Chairman, back when we were holding hearings on the last bill, much of the testimony spoke to the cultural problems that may make up 90 some percent of this. And so that is my question, does your chart argue that it is just a question of doing it?

Ms. PRESTON. No.

Mr. DELLUMS. That within the framework of the current system you can actually do these things? Or if it does not, I would appreciate some clarification.

Ms. PRESTON. I think there are many instances that you can argue that within the framework of the current system if people were to exploit all of the authority given them that they could probably do some of these things. Will they do them? No.

Mr. DELLUMS. I see.

Ms. PRESTON. And you hit it right on the head when you said that it is a cultural issue. It is most definitely a cultural issue that has been, in some cases, created by legislation. The most important thing that FASA did was show the acquisition work force that Congress was serious this time about streamlining, about taking away these things that they see as shackles on their ability to do their job.

And that at least some of them got removed and we put some degree of common sense back into the procurement process. To them that gives them the boldness now to come forward and do things such as this. The fact that you authorized the pilot programs now has made it such. Remember that authority was in legislation for three years and the Department could not ever even get a proposal up here that they agreed on to submit to you because the program managers did not believe that they would get enough relief that it was worth going through all the hassle to justify it.

And it was a hassle to justify and I would never recommend that anybody have to go through that again, because the work to justify it far outweighed what relief they are getting out of it. But they were willing to do it, because they saw, for the first time, that Congress was committed to doing something.

Now, that we have these pilot programs, we have got all our other major program managers looking back and saying, gee, what can I get relief from, from a regulatory standpoint? Because in conjunction with what you did, we made a commitment in OSD that if they were willing to come forward with a legislative proposal to

you, that we would guarantee, we would give them maximum flexibility on waiving internal regulations. And we did.

I think it is a synergy of the two. It is definitely a cultural problem. Everything we look at today is the result of a culture and the question is, how can you change it? We cannot change it by simply saying to people I am going to support you. You know, not when a contracting officer gets called up before a committee of Congress and gets chastised for having done something or people second guess a decision of a program manager, you know, 2 years after the fact.

People are never going to believe you when you say we have got a different environment. And what has happened here is we have a unique opportunity because with a Congress that is willing to listen and leadership within the administration, not just in DOD but the President and Vice President who have said, yes, we understand that the system will not ever be perfect. And we do not expect that of you. But we will stand behind you if you make rational decisions.

So I would have to say it is both.

Mr. DELLUMS. Mr. Chairman, thank you for your generosity and I thank both of you for your responses to my questions.

The CHAIRMAN. Thank you, very much.

And you are suggesting that the culture sometimes is determined by the rules and the regulations we have and that if you change the rules and regulations you could change the culture that way a lot easier.

Ms. PRESTON. Yes, sir.

The CHAIRMAN. Mrs. Harman.

Mrs. HARMAN. Thank you, Mr. Chairman.

I would like to commend you first for holding this hearing and for asserting the jurisdiction of this committee on this important subject. A lot of these big procurements are defense procurements. And we rightfully should be in this game and I think we have a lot to contribute here. And I certainly want to contribute my little piece.

I would also like to commend this hearing panel. Each of them has done a great deal on this issue and Dr. Kelman, particularly, just took some of his time in my district and met with an industry group to talk about this issue. I think he has been a leader on this subject way before he ever had the good or bad judgment to join the administration and he has a lot.

Finally, I want to welcome a witness from the next panel, one of my constituents, Sam Iacobellis of Rockwell. Rockwell has been a leader on this subject, as Sam has, and Sam is so far-sighted that when he retired prematurely from Rockwell and decided that he needed to name a successor on this aerospace advisory committee that I have, he named a woman executive at Rockwell. So you can see that I am now very well advised by Rockwell.

On this subject, Dr. Kelman, I agree with you that we need the two-phase selection process. I understand what you are trying to do. I understand that you are trying to achieve open access which is an important goal; I know that Mr. Dellums shares that view, but also streamline procedures. We cannot achieve both goals if we do not have two-phase selection and I strongly support it.

What I want to ask about today—I do not think you have discussed it in your testimony, in fact, you did not—is the procedures for bid protests because I think the other end of the process has to be streamlined, too, and as a lapsed corporate lawyer I certainly know the abuse that can occur when we have excessive litigation.

So I think it important for you to state your views of the way to streamline the bid protest process and achieve a fair result for all concerned.

Mr. KELMAN. Thank you, Ma'am.

This reform of the bid protest system, particularly at the General Services Board of Contract Appeals which hears bid protests in the IT area, information technology area, is an important priority for the administration. I address it in my written testimony, I did not address it in my oral testimony.

We feel that the current system directly is a knife pointed at the heart of our efforts at procurement reform. Because the current presence of excessive litigation in the system for our information technology procurements at GSBCA, number one, as I indicated to Congressman Dellums before, discourages people from innovating as you said, Chairman Spence. The rules and the environment in which our people work affect the culture. And a situation where every decision you make has the potential to put you in a situation of 6 hours, and 6 hours is probably a brief deposition that some of our people are put through, the kind of punishing regime and punitive regime of the current bid protest system just encourages people to do it the old way.

Because very time, I spent a lot of time out talking to our people on the front lines about the different kinds of changes and reforms we are trying to do. I was at Los Angeles Air Force Base last week, in Congresswoman's Harman's district and talked to our front line people at Los Angeles Air Force Base. And every time you go out among our front line people—whether they are at Los Angeles Base or Dolliver Naval Surface Warfare Center or Hanscom Air Force Base or anywhere and I have been to a lot of those places—they say, yes, Kelman, we agree with you and we want to do these changes, we like it, but is this not just going to increase our protest vulnerability?

You hear that again, and again, and again. And one of the strongest disincentives to cultural change and innovation is the oppressive bid protest environment and the excessive litigation in the system. It also, corresponding with that, to protect themselves against this litigation onslaught, our people go to all the extremes of documentation, redundant review upon review upon review to assure the procurement—not to assure, they cannot assure—to increase the chances the procurement can satisfy the nitpicking levels of review that are typically used at the General Services Board of Contract Appeals.

And then last, we are trying to turn around the situation of an adversary relationship between customers and suppliers. We have learned from the commercial world. World class commercial companies have learned they need to have good, close relationships with their suppliers to create value in the business dealing. You do not create value, you do not create a good partnership when you have just been deposed for 6 hours by an attorney suing you and then

saying, well, nothing personal, now let us go and have a cooperative business relationship. It does not work that way, it poisons the well.

So for all of those reasons, the administration has said that unless we can reform excessive litigation, the litigation onslaught in the procurement system, particularly at GSBCA, it is going to be more difficult to achieve the cultural changes, it is going to be more difficult to change the system. So we commend to Congresswoman Harman and the other members of the committee, the administration's proposals for bid protest reform to try and deal with this onslaught.

Mrs. HARMAN. I appreciate that answer and I am really done. I just wanted to state that I have discussed some of your ideas with the industry that is involved in protesting, and I think most people, and I hope by the time we end up with all of this, everyone will share the goal of reducing the litigation, simplifying the system, because if we do not do that at the back end we can forget about the reforms to the selection process.

Mr. KELMAN. Let me just add, if I could in that regard, Ma'am, that recently about 15 information technology companies—including the small disadvantaged business that testified before this committee at its last hearings on procurement reform—15 information technology companies, including that small disadvantaged business have endorsed the administration's efforts at bid protest reform in GSBCA. So we have significant industry support on this issue.

Mrs. HARMAN. Thank you, very much.

Mr. DELLUMS. Would the gentlewoman yield briefly?

Mrs. HARMAN. Yes.

Mr. DELLUMS. See, I think that this raises a very important question because I do not think that is how this country operates. If we are saying—and I am just trying to listen, I am not suggesting that I am an expert in this area at all, but I am just trying to listen carefully—if there is an admission that to go to this process would increase the number of protests and we are, therefore, saying we have got to find a way to decrease that, that is counter-intuitive to what this whole country is all about.

I mean that is why it is important for us to think this thing through.

Mrs. HARMAN. Mr. Dellums, that is not what I was intending to say. I may have said it that way, but I was talking about two different things. First of all I was commending the reforms in terms of how people are selected which are aimed at opening the door, but telling people early, before they spent a lot of money on this, whether they could be in the game or not.

And I think that is a good idea. That is what the two-phase process is. At the other end, all I was saying was some of the reforms that we have included in the initial version of this legislation may lead to more litigation rather than less, which is contrary to the goal we have. I was not connecting the increase in litigation to the change in selection. I was just connecting it to the language and the selection of which process to use.

Mr. DELLUMS. I appreciate that.

The CHAIRMAN. Thank you. Are there any other questions, anybody want to be recognized?

Mr. Spratt.

Mr. SPRATT. Thank you, Mr. Chairman.

I am sorry I could not be here for the whole hearing, but I have been in the Government Operations Committee today and prior iterations of this same legislation. And I am sorry, because I just read, for example, Mr. Doke's testimony sitting here and it is an excellent contribution to the state-of-the-art. I appreciate that input and I think this bill still needs a good scrub.

We all share the objectives of making it smarter, faster, simpler and, ultimately cheaper. And my concern is to make sure that in our zeal to do that, coupled with the current environment where DOD is trying to rationalize its production base, reduce it down to some competition but save, recognize that it does not have as much R&D in procurement to spread around to sustain the production base it has had for the last 25 years and we may move to sort of a cartel.

That cartel may be made up of high-cost producers, and that they may discourage outsiders from venturing in. In the example I have used is whether or not this system we are talking about would be open access to an H.A. Higgins. H.A. Higgins was a man who won the war according to Dwight D. Eisenhower. He built the Higgins boats and PT boats and everything in New Orleans and he sort of broke the mold when it came to procurement. We went down to commission a ship at Bollinger's Boat Yard in Lockport, LA, and that is exactly the kind of company that we want to maintain an open accessible, even inviting atmosphere for to keep competition vigorous and real.

And unless you have got entry barriers set so that companies like this can cross them from time to time, then I think we are going to get stratified competition and we are going to be stuck with the traditional producers who tend to become the high-cost producers.

Now, I am just painting for you a concern I have as I go through this bill. As we look at the problem, is the problem one of putting together RFP's for thousands of procurements every year, the administrative burden of that? Or is the problem one of having to evaluate every bid from everybody who thinks he is qualified to do this work? Or is the problem more one of dispensing with the squabbles and the aftermath dealing with the rejected suitors, those who wanted to do the work but were deemed too expensive or too unqualified by the Government?

If you had to rank the problem among those three choices, which would you say is the greatest and which is the least?

Ms. PRESTON. Mr. Spratt, could I start out by just responding to your H.A. Higgins anecdote? Because Bert Rotan has said essentially the same thing, in accepting the Wright Memorial Award right after they went around the world in the *Voyager*. And he said that if he had had to go through the normal Government procedures they would have never contracted with anything for the Federal Government again. That the only reason that he was able to do what he was able to do was because they waived the rules and regulations. He said, here is what I am going to build you and they let it go at that.

In terms of what the problem is with the process, it is coming somewhere in between what the commercial environment is and somewhere in between what the Government environment is from a competition standpoint.

If you think about it, in the commercial sector it is competition from the buyer's standpoint. If you go out to buy a car you may go to five dealers. And after five dealers you are going to say, I know enough now to make a reasoned judgment and buy the best car at the best value I can get. Now, that is competition from the buyer's standpoint. You get enough people in and you say that is it.

Now, what do you do—

Mr. SPRATT. Furthermore, you can say if there is enough competition that we do not have to go back and audit the contractors to see if I really got the right price.

Ms. PRESTON. Exactly.

Mr. SPRATT. Competition is sort of a self-validating system that dispenses with some other onerous requirements, if it is full and open and vigorous.

Ms. PRESTON. Right. Now, what happens after you have gone out to those five bidders and you have said, well, I have done a good enough survey of the industry. And all of a sudden three salesmen call you and say, hey, I can beat that deal. Well, you may go out the first time and you may go out and see the first salesman and when it turns out that he was just blowing smoke you are going to say I do not want to deal with the other two. I already know what I have which is a very good range and it is probably unlikely that the other two are going to be able to beat the deal that I have been offered.

The Government, on the other hand, established a standard of competition from the seller's standpoint. Everybody gets to bid, and it does not matter if the procurement is for \$2,500 or—actually I should go above the small purchase threshold—if the procurement is for \$150,000 item you have to allow 100 bidders, if 100 people want to bid. And then you have to evaluate every one of those bids.

What we are trying to do here is to say that does not make any sense either for the Government or for the bidders, because they are hurt by having to put together a proposal that costs them money that they are not going to recover unless they get some other Government business that they can recover those costs under.

So, is there a way that we can allow everyone to come in initially but under a streamlined procedure where we then narrow it very quickly to a small group of people who look like they have the best opportunity to win as opposed to those who have a product that may meet the Government's needs. That is the distinction between the old way, the old two-step and what Steve is now calling two-phased.

It used to be we could limit it to everyone who was responsive. But as long as they met the minimum Government needs we had to continue to negotiate and evaluate their bids. What we are saying is, look, we want to take the top five and we are going to negotiate with the top five, and that is it.

So we may just get a technical proposal initially. Do not make them go through all the expense of doing a cost proposal, let us just get technicals. Then we pick the top five technicals and then we will have them come in with a full up bid for the entire procurement. So that is what we are asking for.

We are not trying to limit competition at the outset. We are simply trying to say that there is, again, a reasonable balance here.

Mr. SPRATT. But are you concerned or satisfied that this legislation adequately handles this problem? The problem of becoming an old boy's club, of having a verified list of preferred contractors that get the business because they are the ones who did it before, they have got the track record, and they tend to have a status with the Government procurement officers that outsiders simply cannot win.

That it becomes too much of a closed circle?

Ms. PRESTON. I am not going to say that there is not an incentive for people to go with the reliable supplier just like you would do in purchasing for yourself. Yes, you take a risk every time you go out to a new vendor. And these people, when they take this risk, they are not worried about whether or not they are going to get good maintenance on their car, they are worried about whether or not that aircraft is going to be ready status to fly over to Bosnia if they are called tomorrow.

So, yes, that will occur, but it is going to occur irrespective of anything we do, because people are going to want to buy the best product they can get. And I would assert it does not matter what you do in the rules and regulations, what we have to do is give them an incentive to evaluate the new offeror. But do not then punish us by not letting us look at past performance of others and say, look, this guy has not performed on seven contracts and you are telling me I have to consider him now because he is the low bidder?

Mr. KELMAN. Congressman Spratt, I think right now, a lot of the times we have the opposite problem. A few months ago I went up and visited the Defense Industrial Supply Center in Philadelphia where they buy a lot of industrial commodities and so forth. And they are organized, they have commodity buyers. You know, where one person is an expert on steel and another person is an expert on a certain kind of fasteners and so forth.

We had a town meeting with those front-line nonsupervisory, you know, working level people and person after person got up to express to me their frustration and more than frustration with the way the current system worked. They said to me, Dr. Kelman, we are commodity buyers in this area. We have done these procurements again and again. We know which are the companies that regularly deliver on time, deliver at the price they promised, satisfy their customers, do well and we also know which are the companies that routinely deliver late, do not satisfy their customers or basically are exploiting the taxpayer.

And, yet, we are not empowered—person after person, I wish you could have been there and seen the frustration in the faces of these people who were trying to serve the taxpayer, at the current system where they said they had to—one woman got up to me and said, "Sir, I do not know what the Government is paying me my salary for. I have a brain but I am being treated like a clerk. All

I do is take in the low bid, and the fact that I know that somebody is not a reliable supplier and somebody is a reliable supplier, I am not allowed to use that."

So I think the problem we have in the current system is closer to the opposite. There are so many protections put in that turn out, in reality, in the crass reality to be protections for suppliers who want to cheat the taxpayers. That is speaking very, very boldly, and perhaps maybe more openly than I should in a hearing like this. But that is the reality, unfortunately, of the current system. It is the other direction problem not, you know, more than what you were referring to in your question.

Mr. SPRATT. Thank you, very much.

The CHAIRMAN. Thank you. We had better break for this vote and we will come right back.

[Recess.]

The CHAIRMAN. The committee will be in order.

I think Mr. Hunter probably had a question he is anxious to ask.

Mr. HUNTER. Thank you, Mr. Chairman.

I appreciate your holding the hearing and Colleen, it is so nice to see you again, and know that our great talent from the Armed Services Committee is serving the Nation well. You got a real challenge.

Dr. Kelman, thank you for your comments. I appreciated Mr. Doke, your appearance, as well, with Mr. Howard in the first panel.

Colleen, let me get to a couple of things. First, you had one of your charts—I do not see them there now—but one of your charts that basically was the work force chart.

Ms. PRESTON. Yes, sir.

Mr. HUNTER. How it has not gone down a lot but procurement contracts have gone down and the number of contract actions have stayed relatively constant. It looks to me like it is kind of an argument by you folks that you cannot let go of all these Government shoppers because you need to administer the same number of contracts, whether they are \$1 million contracts or \$10 million contracts you have got roughly the same number.

Let me suggest to you a couple of things. First—we have gone through—we did a little analysis of the number of people who actually are engaged in shopping or procuring weapons systems. And the number of direct contract administrators is, I believe, 106,000 or thereabouts. Now, the number of administrative personnel who support that operation in the bureaucracy is approximately another 200,000. I am told that you can do it two ways. You can either go to the total number of people involved in procurement which gets you up to about 450,000 but if you back out the metal vendors, the people who work at the depots and things like that, you pull down to about 300, or if you add up, going up from the direct contractor administrators 106,000 and then add on all the support personnel that gets you up to about 300,000.

Now, 300,000 people involved in shopping for weapons systems is two Marine Corps. So we have today a U.S. Army and Air Force, Navy, a Marine Corps and then we have got shopping corps one and shopping corps two.

Now, you have done two things. You have talked about a lot of things that I really like here today, about streamlining the system but the implication I get is, let us streamline the system but we are going to keep all the shoppers in place.

I would just suggest first a practical application of that. If you had to write a speech for the chairman here, and let us say that you were still working for the Armed Services Committee and you had to get a speech together and he had to deliver it in an hour. And you said to Colleen, I need this speech on acquisition reform, the only criteria that you have on this speech is everybody in this room has to participate in writing it and I need it in 30 minutes.

Now, first, you, being brilliant, could put together this speech yourself in 30 minutes with no problem. You have the nice speech for the chairman or for this member or anybody else to make to a luncheon group, however, if you had to involve everybody in this room—let us say you got about 30 people in this room and you had to have this thing together in an hour, there is no way you could do that.

Now, another example of that is that we have, for example, in San Diego County, we have had a major recession. We have a massive planning group. That is a bunch of people who work on processing subdivision maps. Well, everybody is broke in San Diego so we have almost no subdivisions to process. But we have not cut down the planning group at all. We have the same number of engineers and staff members.

And I said to one of our builders, well, that must mean that your stuff goes real fast if you have got no work load and you have got all these people. He said, are you kidding? He said, when my application goes in, 35 hands reach out for it, and say, I had better work on that a little bit before it is approved. And he said the process now is slower than when you had more work because everybody has got to figure out a way to get their hand into this pot to justify their existence.

And Americans are hard workers. We are ambitious. We get out and do things in the morning. My suggestion to you is if you keep all these office spaces filled, you will never cut down or streamline the bureaucracy in a real way. And I think that is an accurate appraisal.

Now, if you got about 300,000 professional shoppers in the Pentagon—and I use that in the broadest sense of supporting acquisition—the procurement subcommittee, we marked up—I think the President's bill gave us about \$40 billion in procurement this year—we marked up to about \$45 billion or so, and we got the lion's share of the additional dollars that the chairman disbursed with the majority plan for defense.

But that does not say that is \$45 billion. Well, if you count the Government shoppers, at \$60,000 apiece—which is about what I think it costs to support each one of them—you are talking about, with 300,000 of them, you are talking about close to \$20 billion. And what that means is, in real terms, is if I buy this aircraft for \$100 million apiece, the taxpayers are paying the Pentagon for the service of buying that aircraft about \$60 million. And, of course, that does not come out of the aircraft procurement cost, it comes out of O&M, because all these folks are carried in the O&M budget.

I do not think that is realistic. I think you got to cut the bureaucracy. And in the same way that we looked at base closings, we said we cannot keep ammunition and the guns of our people in the front lines and maintain readiness if we maintain this large overhead. And we all went in together and went into a very painful process of base closing.

But there has been on base closing in terms of the Pentagon, itself, in terms of cutting down the shopping corps. And yet, we have no problem—we went from 18 to 12 divisions in the Army like that. It did not make Stamp Collector's Weekly in terms of making the news. We are now going to take it down to about 10 rifle divisions. The security of the country rides on how many people we have in the force structure and nobody cares. I mean we make these decisions in the Pentagon and they roll right down and, bango, we cut them. And it seems to be mission impossible to get you folks to agree that we need to cut some of the professional shoppers.

So that is one point. The second point and it goes to Mr. Doke's and Mr. Howard's position in this first panel and I think some of the comments you have made. Take a couple of extremes. The first extreme was that when we needed to have a bunker buster in Iraq and we needed it very quickly we went to one of the smart old fellows in Lockheed. And he made a precision guided bunker buster and had it on an aircraft in 11 days.

Now, that is fast procurement. If we had done that in the regular system we would still be working on going through the second hoop. I think everybody agrees with that. That is the good extreme. The bad extreme is taking years and years to go through an acquisition process where the process, itself, ends up taking all the money.

And, Mr. Doke, I know you are not at the panel but one thing that occurred to me when you talked about the need to have specifics and good specifications and the need to review and the need to have fairness in contracting, if I built my house and put out—and when I built my house was told—say it is a \$200,000 house—that I had to advertise to every contractor in America, and I then did that; and I then had to wait for them to come in, roofing contractors, the plumbing, the foundation, etc., I had to then have a staff of people to evaluate all the bids. And then when I awarded the bids I had to handle the protests.

And I would get letters from maybe 80 or 90 lawyers who said, I think my company was unfairly treated and did not have a fair shot at this competition, and I have got three or four legal points that we want to go over with you. And I want your lawyer, Mr. Hunter, or your staff of lawyers that you are now going to put together to build your house, to come together and engage in review of our protests and ultimately we may take you to court.

In building my house I could easily come up with a \$5 million bill under the present procurement process. And, yet, what I heard you saying is we really need to have these strong specifications. I think in reality that is going in exactly the opposite direction and what occurred to me in some of our competitions is that it does not serve the poor old contractors very well.

In San Diego County, we had these TRP opportunities, the conversion opportunities. And first I had a number of meetings with

my contractors and said you guys are going to get a shot at these conversion programs and I want people to come in and show you how to put your packages together. We had people from the armed services putting out information so that everybody had their shot.

In the end I think that San Diego County, as a region, probably spent more money preparing for the competition and submitting bids than we received in awards, even though we received a couple of good awards. So we devised a system that, in my region, resulted in a net loss of dollars. And that does not serve the contractor community well.

So I think you have got to downsize and Mr. Dellums said we have this duty. Our duty is not to contractors. We do not exist for the convenience of the contractors. We exist for the convenience of the taxpayers and in some cases it is not reasonable to advertise to the universe. I understand Mr. Spratt's concern that you do not want to develop a good old boy's club, where only insiders play and the outsider can never break in.

But I guess my question to you, Colleen, in addition to be able to comment on all these things we have talked about, first, do you not think we can pull this contractor corps or this shopping corps down considerably? Do you not think it is unreasonable to have a shopping corps that spends 50 percent of the money that we spend on the weapons systems, themselves, for the service of buying the weapons systems? Do you not think that is much too high? And, what do you think is a reasonable level and how are we going to get there?

Ms. PRESTON. If I understand the point that you are making at the very beginning, with the analogy—and let me just make sure I understand that correctly—is that what you are saying is that the more people you have involved in the decisionmaking process, the more difficult it becomes.

I could not agree with you more and have taken that position since I was over here on the committee that you need to streamline layers of management, et cetera. You need to abolish functions. But that is my concern, is that we are not just getting rid of people, we are actually changing the way they do work because you can reduce, and we have seen it happen, where you just reduce the number of people and what happens is that everybody has to work harder trying to do the same exact functions if you do not change the—

Mr. HUNTER. Let me interrupt, I understand that.

Ms. PRESTON. OK.

Mr. HUNTER. But my question is, What comes first, the chicken or the egg? And my point is human nature being what it is, whether you are talking about Congressmen or Government employees, if you have a mandatory reduction, if you go down in people, the people that are there are going to figure out a way not to have 18-hour work days filling out umpteen forms in triplicate. OK?

If you keep all those people there and you tell them you are now going to reduce, that the reform of the paperwork is going to come first and you are going to reduce the umpteen forms in triplicate, the first thing that goes through their head is, what am I going to do?

At that point, human nature being what it is, the people are going to do one of two things. They are either going to take on the Pentagon—which I understand from people I talk to is being done right now; the Pentagon is coming down around you guys in your reform efforts—they are going to resist change because that is going to ruin their job or they are going to come up with a new function.

Now, you make it a lot easier for people if you say, listen, you are not going to have 20 people in this office. We are going to take you guys down, just like we are taking down the Army from 18 to 12 divisions, we are taking down the Air Force from 24 to 13 airwings, we are going to take this huge shopping corps, two Marine Corps, down in size, and you are going to have to handle this work load in a different way.

Do you really think that you are going to be able to convince people to basically lay out a blueprint for their own elimination? That is what you are talking about.

Ms. PRESTON. No. But let me see if I can address that. I am going to be honest with you. This is my personal opinion based on having dealt with the individuals that I have worked with over the last couple of years, and worked with for over 15 years prior to that, both in the Pentagon and over here, on the Hill. That, yes, people will resist change and they will resist reengineering, because it is going to mean the loss of a job. That is human nature.

But I can tell you that with the people I have seen that have come from the field and who have worked on the process action teams have devoted themselves enormous hours to what can we do to improve the system and I do not think they were sitting there thinking, how can I preserve my job?

But I do make a point of it because I initially started out with a position of saying, change the process first and then take the people out. And, yes, there is resistance, and most companies will tell you that they do exactly the opposite. They take the people out and they reengineer with what is left.

I think there is a happy medium and I think that that is the direction we are going. We have been taking the work force down at a rate of about 8 percent a year. It has already come down 24 percent since the high in 1988-89. So we are down 24 percent already and in the next 4 years we are going to go down another 20 percent. So we will go down a total of 44 percent—

Mr. HUNTER. Of what?

Ms. PRESTON [continuing]. In that period of time. Of the work force, itself.

Mr. HUNTER. Of the 106,000 or the 300,000?

Ms. PRESTON. It is going to end up being the 300,000 because the reductions are being driven by the budget. They are not being driven by our process changes. That is a point I try to make to everyone when I go out and talk to them. The ones who are going to survive are the ones who are going to think of new and innovative ways to do things and are going to fit within the new system. Because the reductions are occurring, not because of acquisition reform, they are occurring for the reason you have said, that we are cutting personnel across the board, and infrastructure is the biggest target and rightly so.

If we can get one person out of infrastructure and keep them for war fighting that is absolutely what we ought to do and that is Dr. Perry's priority, and it has been his priority for a long time. I know that as well. What I do want to try and make sure of and the reason that we have been so reluctant to settle on specific numbers or specific savings is, for example, in the defense management review, they took out all this money and said this is acquisition reform savings, that we are going to accrue as a result of changing our business processes because we are going to automate all these things.

We are going to give you electronic commerce systems, electronic contracting systems. Well, they took the money out, they took the people out, and then they never got the funding for the computer equipment. We have got people who are working on 20-year-old computer systems that we are cannibalizing other systems just to keep them alive, and if we do not get help there I am never going to change that business process and I am never going to improve it. I am just going to get slower and slower and slower.

Now, what you are saying is exactly right. We should be taking down this work force and we should be reducing this infrastructure. And that is why the Joint Chiefs of Staff and everyone in the military are so supportive of acquisition reform.

Mr. HUNTER. OK. Just one point, and Mr. Chairman, if you will indulge me. I am familiar with one case where you have—

Mr. DELLUMS. Would the gentleman yield briefly?

Mr. HUNTER. Sure.

Mr. DELLUMS. I would like to ask the chairman a very polite question.

Is it the intention of the Chair to bring this final panel before we—

The CHAIRMAN. I was hoping to with the concurrence of the final panel, rather than take a break for lunch and come back. It might be more appropriate to go ahead through if you are willing to do it. I will ask the other panel if you are willing to wait we can manage up here, ourselves, but I hate to inconvenience the other panel.

Mr. DELLUMS. I appreciate that. I was just also trying to communicate subtlety to Mr. Hunter.

Mr. HUNTER. I think my colleague has subtlety communicated to me.

The CHAIRMAN. Mr. Hunter understands that.

Mr. HUNTER. Mr. Chairman, I am going to pipe down. I thank you. I just want one answer to a real short question.

If you cut down 25 percent, you got 300,000 Government shoppers or acquisition folks, and 25 percent of that is 75,000 people. That cuts you down to 225,000. And we are going to have a procurement budget of approximately \$40 billion, a little more perhaps, and you are going to have an acquisition cost, Pentagon acquisition cost of \$20 billion funded through the O&M budget.

Is that acceptable or about right to you? That means for a \$100 million airplane you pay \$50 million for buying it.

Ms. PRESTON. I cannot verify that your figures are the ones that—I am not sure what you are using for the 300 and so, as a result, if I could, I would like to try and answer that for the record.

I would say, however, that we are in the process of trying to calculate. We have got an accounting firm that has been working on this to calculate what the cost is to have all the Government people involved doing the Government-unique things that we do in comparison to what the cost is for the contractors to have to comply with the Government-unique rules.

So far, the early indication is it is about 10 percent and that our cost of doing business is 10 percent. Now, we can show you industries where their cost of doing business is 1 or 3 percent. So we are clearly higher than most companies. And what we have to do is figure out why is it that we are higher and can we then change that so that we are more efficient, or we get rid of the processes or we quit the oversight.

But the first time we reduce contractor oversight and we have some problem in a contractor's facility, what is going to happen? That is why people are conservative in the way that they approach it.

But I will get an answer for you, for the record, on the other.

Mr. HUNTER. Thank you and thank you, Mr. Chairman, for your indulgence.

The CHAIRMAN. We all appreciate it, and we appreciate your being here. I apologize for keeping you so long and I apologize for keeping the other panel so long.

But everybody is anxious to hear from you so if the other panel will take their positions up there, we will let you go.

Ms. PRESTON. Mr. Chairman, I am sure it was our fault for the long answers.

The CHAIRMAN. No, no.

I am sorry, Mr. Sisisky has finally been instigated.

Mr. SISISKY. Thank you, Mr. Chairman.

I will not take long, Mr. Chairman. I welcome you both. I do not know whether the gentleman from California knows but Secretary Preston happens to be a constituent of mine now in Louisa County, so I do welcome you here very warmly.

I will be very fast. No. 1, you kind of scared me at the end when you said that our computers are 20 years old. Through our sub-committee, we are spending billions of dollars on computers and if Dr. Perry's analysis that this is his No. 1 priority I am really scared. Why do you not ask us or make it your No. 1 priority on computers? I do not know how you do business with 20-year old computers today.

Ms. PRESTON. Well, we are in line with everybody else screaming in the budget for more information technology resources.

Mr. SISISKY. Yes, but this is direct savings. I know we need computers for war fighting, but it just seems to me that we spend about \$11 billion a year on computers and—

Ms. PRESTON. You know, one of our problems, Mr. Sisisky, is just being able to do what I call the functional economic analysis and it is probably our fault but our comptroller does not even support us on these efforts because we cannot come up with enough rigor to show the payoff and the return absent doing a pilot and then showing that we have got the return and things like that.

Mr. SISISKY. Well, let me help you with the Comptroller a little bit.

Ms. PRESTON. So it is a problem for us.

Mr. SISISKY. I meet with him on a regular basis, maybe I can help you.

Ms. PRESTON. That would be great.

Mr. SISISKY. How is your cultural factor of your reform now? As I understand it, a lot of your purchasing people are all right. One of the things that is happening is that the attorneys are causing a little problem. Is that correct, you know, by being very careful?

And, obviously, if the attorneys are very careful, you know, why would a program manager take a chance? It seems to me that that may, if it is true, that that may be where you need to break the culture. You know, like bringing in a whole new group of attorneys.

Ms. PRESTON. Well, you know, all attorneys are conservative by nature, but actually there are some people who do not believe the system needs to be changed. And I would not single out the attorneys because I think we get very good advice. We do have some battles with them in terms of saying, is this a policy decision as opposed to a legal opinion? And I think we have come to a good agreement and understanding with, at least, the people that I deal with on what are the boundaries of you give me good legal advice and then I will make the decision as to what the policy should be.

But, to be honest with you, there are still people who do not think that the changes we are making are the right changes or that the system needs to be changed at all. And it is not that they are trying to preserve their job or anything else, they just happen to believe that they are right and that the political appointees come and go, and it is our great ideas this year, and 2 years from now maybe somebody else would have a great idea.

Mr. SISISKY. Yes, but we are putting it into law now and, obviously, if you do not have the right—my red light could not be up already now—you know, maybe we need to change the actors. And I do not do it flippantly, but obviously that is what you do in the business world.

We talk about audit staff. In your 300,000 people, are you counting the people who go to the job site and inspect and is that included in there?

Ms. PRESTON. I believe that if Congressman Hunter was using the Packard Commission numbers which it sounds like he was—

Mr. SISISKY. I will tell you, a funny thing happened to me in my district about a year ago. I was looking at a plant that was 30,000 square feet and the guy is doing a lot of business and he is making cabinets to put on ship. So I am walking down his production line and he has got about 30 people in there. I see two people in there dressed up and I said, What are you, a foreman? And he said, no, they are Government inspectors.

And I said, What do you mean, Government inspectors? They got a ruler out there and they are measuring the lockers and taking the depth of the steel and I said, Well, how often do they come around? And he said, quite often, checking on us.

Well, in the business world, you would check on it when you delivered the merchandise. You know, if the merchandise was not right and up to specifications take it back. But here we are doing it on the job. Now, maybe the ship would not leave on time, but that is the excuse that they would give—

Ms. PRESTON. Remember the ship with all the welds that failed and they had to go back and redo every weld on the sub?

Mr. SISISKY. I remember that very well.

Ms. PRESTON. I am not saying that as an excuse.

Mr. SISISKY. And by the way, with all the inspectors they did not catch it either.

Ms. PRESTON. That is right.

Mr. SISISKY. That is the strange phenomena. With all the inspectors they did not catch it. So all I am saying is that maybe we need an audit like the Internal Revenue, you know, a spot audit and do things like that.

Ms. PRESTON. And I should say, DLA is working very hard on that and Defense Contract Management Command along with DCAA. They have got some very innovative programs. They are doing it under the reinvention lab concept where they are going in and saying if the contractor can show me that their processes are in control, I am out of the plant.

And it is a voluntary basis on whether or not the contractors want to participate or not, but so far it has been very successful and they hope to keep expanding that. And we do need to reduce the number of oversight officials considerably. And we need to get out of the business of overseeing and, instead, looking at process control.

Mr. SISISKY. I was going to ask some more questions but I will do it under bid protest. Actually I wanted Mr. Doke to get up there. But we will do that later.

You know, giving people responsibility, obviously, is the greatest thing that you can do but we lack one thing in Government service and they call it incentives to do it. And that is where people are going to play it safe because the incentives are not there to take the risk and the gamble that it would be in the business world.

Thank you very much.

The CHAIRMAN. Thank you, and, again, thank you.

Ms. PRESTON. Thank you.

If the other panel will take the chair, we will get on with that.

The final panel today is comprised of two witnesses speaking on behalf of the Acquisition Reform Working Group. First, we are fortunate to be able to welcome back Mr. Sam Iacobellis with Rockwell International who testified on this issue last year. Joining Mr. Iacobellis is Mr. Tom Mulcahy. That must be Irish. He is chairman of Condor Systems, a small defense company specializing in electronic warfare components.

We welcome both of you to this committee today and look forward to your testimony.

Mr. Iacobellis.

#### **STATEMENT OF SAM F. IACOBELLIS, EXECUTIVE DIRECTOR, ROCKWELL INTERNATIONAL CORP.**

Mr. IACOBELLIS. Thank you, Mr. Chairman.

Chairman Spence, Congressman Dellums, and Congressman Siski, thank you for this invitation to testify before the committee on measures intended to streamline the Government procurement process. I am testifying today on behalf of the nine associations

representing the large and small business which formed the Acquisition Reform Working Group, ARWG.

And I ask that the formal ARWG statement and my oral statement be accepted for the record.

The CHAIRMAN. Without objection, it will be done.

Mr. IACOBELLIS. ARWG is pleased that this committee is pursuing acquisition reform. Since your efforts in the last Congress began the reform process, with the successful passage of the Federal Acquisition Streamlining Act of 1994, or FASA, I was honored to testify before this committee last year on the commercial product provisions of FASA and I am pleased to tell you that many of the reforms enacted by those of you who devoted effort to begin the reform process last year are beginning to reap benefits for the Government.

As you know, regulatory implementation of FASA is not yet complete. However, I can say that my company is experiencing the change in tide toward commercialization at the core of our business. For example, last year I discussed the commercialization of Rockwell's precision, lightweight GPS receiver or the plugger. The challenges inherent in modifying a Government contract to include a commercial technology insertion—in this case, greatly extended battery life—was near insurmountable.

The enabling legislation in FASA, even though not fully implemented in regulation, provided the framework for the Government to move forward using current statutory authority and the intent of FASA for the waiver of cost and pricing data. The commercial price for what we call the plugger-plus was based on the value to the Government and market analysis and the upgraded commercial technology will pay for itself within a year.

Absent the provisions of FASA and the commitment of DOD to making commercial product reforms a reality, we could not have sold plugger-plus to the Government due to onerous Government pricing requirements.

I cannot say that resolving the commercial contracting problems for plugger-plus was easy. It took months and the reform commitment of our Government customers to get the contract signed. They anticipate a smoother commercial contracting process once the regulations are fully implemented. However, more reforms are needed.

We believe that the commercial items provisions in title II of H.R. 1670 will continue the process of removing the barriers to commercial contracting that remain in statute. Those provisions that caused delay in contracting for plugger-plus are on commercial terms. We strongly support the clear exemption from the Truth In Negotiating Act, NINA and the elimination of post-award audits for commercial items purchased.

We also strongly urge the committee to expand the list of statutory exemptions at the prime level for commercial products procurements. A full list of statutory exemptions is included in the May 10, 1995, ARWG package.

Speaking of the FASA regulations, I should say at this point that the new system under which the regulations are being written include reform successes and failures. For example, the commercial contracting regulations truly implemented the maximum flexibility afforded in FASA and industry comments were mostly editorial.

However, there are still some outstanding issues with other significant regulations, including the Truth In Negotiations Act, and contract financing.

Even with these regulations, however, we applaud the regulation writers for seriously considering industry comments on their proposed rules. The new team process of regulation drafting has provided for greater dialog after proposed regulations are published. While we still have fundamental issues with some of the proposed rules, we have seen significant improvement in the TINA and financing regulations based on greater Government/industry dialog.

FASA began the process of reform by focusing on two primary areas of concern to Government and industry: the simplified acquisition threshold and commercial products procurements. ARWG testimony last year strongly supported these initiatives but called for comprehensive, rather than piecemeal, reform.

H.R. 1670 is not piecemeal. It is a comprehensive reform legislation. It addresses the lengthy contract formation or competition phase of the process in title I, the administrative burdens of performance in titles II and III, and the grievance process in title IV. These provisions, taken together, form the basis for comprehensive reform of the legislative cost drivers in the procurement process.

H.R. 1670 should move forward. We strongly endorse title III of H.R. 1670 which, one, identifies the proper role of Government reliance on the private sector; two, significantly streamlines the procurement integrity statute without eliminating the strict requirements for the conduct of a Government procurement; and, three, eliminates certification not required by law and eliminates some certifications that are currently required by statute.

We would ask the committee to consider adding additional statutory certifications to the elimination list. The requirements of the law would still apply but the administratively burdensome certification would be eliminated.

The ARWG provided a comprehensive evaluation of over 100 certifications that I asked the committee to consider for further streamlining of non-value-added certification paperwork. We also commend the committee for its efforts to eliminate the recoupment task on military sales of major defense equipment. I understand the budgetary challenges of finding a budget off-set for the loss of recoupment revenues and applaud the committee for tenaciously seeking a just solution to this issue of U.S. international competitiveness.

Finally, I strongly endorse section 316 of H.R. 1670 as reported out of committee. This provision enables DOD to establish up to three pilot facilities, versus pilot programs, for streamlined acquisition procedures. This authority is the most progressive of reforms in that it enables an entire facility to translate its business practices to those in the commercial environment.

This pilot will provide facility-wide savings and pushes well beyond last year's contract-by-contract pilot program streamlining authority. Savings would be agreed to upfront on a fixed price basis so the savings flowed directly back to the Government and, therefore, to the taxpayer.

Again, I appreciate this opportunity to testify once again in support of the committee's efforts to comprehensively streamline the

Government procurement process. Last year's success could have led to inaction this year. This committee has set the reform goal higher and in the process you have engaged industry on what more can and should be done to streamline the procurement system towards our common goal of spending scarce defense dollars where they matter most—directly supporting our armed services.

Thank you.

[The prepared statement of Mr. Iacobellis follows.]

HEARING BEFORE THE  
HOUSE NATIONAL SECURITY COMMITTEE

TESTIMONY ON ACQUISITION REFORM

SAM F. IACOBELLIS  
EXECUTIVE VICE PRESIDENT &  
DEPUTY CHAIRMAN FOR MAJOR PROGRAMS (RETIRED)  
ROCKWELL INTERNATIONAL CORPORATION

REPRESENTING  
THE ACQUISITION REFORM WORKING GROUP

AUGUST 2, 1995

Good morning, Mr. Chairman. Thank you for the invitation to testify before this committee on measures intended to streamline the government procurement process.

I am testifying today on behalf of the nine associations representing large and small business, which form the Acquisition Reform Working Group (ARWG) and I ask that the formal ARWG statement and my oral statement be accepted for the record. ARWG is pleased that this Committee is pursuing acquisition reform, since your efforts in the last Congress began the reform process with the successful passage of the Federal Acquisition Streamlining Act of 1994, or FASA.

I was honored to testify before this Committee last year on the commercial product provisions of FASA, and I am pleased to tell you that many of the reforms enacted by those of you who devoted effort to beginning the reform process last year are beginning to reap benefits for the government.

As you know, the regulatory implementation of FASA is not yet complete. However, I can say that my company is experiencing the change in tide toward commercialization at the core of our business. For example, last year I discussed the commercialization of Rockwell's Precision Lightweight GPS Receiver, or PLGR. The challenges inherent in modifying a government contract to include a commercial technology insertion, in this case greatly-extended battery life, were near insurmountable. The enabling legislation

in FASA, even though not fully implemented in regulation, provided the framework for the government to move forward using current statutory authority and the intent of FASA for the waiver of cost and pricing data. The commercial price for what we call PLGR+ was based on the VALUE to the government and market analysis - AND the upgraded commercial technology will pay for itself within a year. Absent the provisions of FASA and the commitment of DOD to making commercial product reforms a reality, we could not have sold PLGR+ to the government due to onerous government pricing requirements.

I cannot say that resolving the commercial contracting problems for PLGR+ was easy. It took months and the reform commitment of our government customers to get the contract signed. We anticipate a smoother commercial contracting process once the regulations are fully implemented. However, more reforms are needed. We believe that the commercial item provisions in Title II of HR 1670 will continue the process of removing the barriers to commercial contracting that remain in statute - those provisions that caused the delay in contracting for PLGR+ on commercial terms. We strongly support the clear exemption from TINA and the elimination of post award audits for commercial item purchases. We also strongly urge the Committee to expand the list of statutory exemptions at the prime level for commercial product procurements. A full list of statutory exemptions is included in the May 10, 1995 ARWG package.

Speaking of the FASA regulations, I should say at this point that the new system under which the regulations are being written include reform successes and failures. For example, the commercial contracting regulations truly implemented the maximum flexibility afforded in FASA, and industry comments were mostly editorial. However, there are still some outstanding issues with other significant regulations, including the Truth in Negotiations Act (TINA) and contract financing. Even with these regulations, however, I applaud the regulation writers for seriously considering industry comments on the proposed rules. The new "team" process of regulation drafting has provided for greater dialogue after proposed regulations are published. While we still have fundamental issues with some of the proposed rules, we have seen significant improvement in the TINA and financing regulations based on greater government/industry dialogue.

FASA began the process of reform by focussing on two primary areas of concern to government and industry - the simplified acquisition threshold and commercial product procurements. ARWG testimony last year strongly supported these initiatives but called for COMPREHENSIVE - rather than piecemeal - reform. HR 1670 is comprehensive legislation. It addresses the lengthy contract formation or competition phase of the process in Title 1, the administrative burdens of performance in Titles II and III and the grievance process in Title IV. These provisions taken together form the basis for comprehensive reform of the legislative cost drivers in the procurement process. HR 1670 should move forward!

We strongly endorse Title III of HR 1670 which:

1) identifies the proper role for government reliance on the private sector, 2) significantly streamlines the procurement integrity statute without eliminating the strict requirements for the conduct of a government procurement (see ARWG comments on changes to the marked-up version of HR1670) and 3) eliminates certifications not required by law and eliminates some certifications that are currently required by statute. We would ask the committee to consider adding additional statutory certifications to the elimination list. The requirements of the law would still apply, but the administratively-burdensome certification would be eliminated. The ARWG provided a comprehensive evaluation of over a hundred certifications that I ask the Committee to consider for further streamlining of non-value added certification paperwork.

I also commend the Committee for its effort to eliminate the recoupment tax on military sales of major defense equipment. I understand the budgetary challenges of finding a budget offset for the loss of recoupment revenues and applaud the Committee for tenaciously seeking a solution to this issue of US international competitiveness.

Finally, I strongly endorse Section 316 of HR 1670 as reported out of Committee. This provision enables DOD to establish up to three pilot FACILITIES (verses pilot programs) for streamlined acquisition procedures. This authority is the most progressive of

reforms in that it enables an entire facility to translate its business practices to those in the commercial environment. This pilot will provide facility-wide savings and pushes well beyond last year's contract-by-contract pilot program streamlining authority. Savings would be agreed to up front on a fixed price basis, so the savings flow directly back to the government - and therefore to the taxpayer.

Again, I appreciate this opportunity to testify once again in support of this Committee's efforts to comprehensively streamline the government procurement process. Last year's success could have led to inaction this year. This committee has set the reform goal higher. And in the process you have engaged industry on what more can and should be done to streamline the procurement system toward our common goal of spending scarce defense dollars where they matter most - directly supporting our armed forces.

**STATEMENT OF TOM MULCAHY, CHAIRMAN, CONDOR SYSTEMS, INC.**

Mr. MULCAHY. Thank you, Mr. Chairman and Representative Dellums for allowing me to be here today to speak about small businesses. I know you are probably tired from a long morning and we are getting into the afternoon so my testimony and remarks are in front of you, and I will try to more summarize than go through everything.

We have been in business about 13 or 14 years in San Jose, CA, and we actually are 100 percent military business, no commercial ventures. We tried to get into commercial business, but fortunately the mind-set will not allow us at this point in time because the Government got us to a position where we were doing all MILSPEC type work and to go from MILSPEC to commercial is not an easy endeavor.

And also the resources of a small company allow you to either put them into your research and development towards a core business and so we decided to stay in or core business which is military electronics.

But we will, hopefully, be getting into commercial ventures because, as we all know, the downsizing of the budget process is not allowing us to grow except we are growing by acquisitions. Just like, we are not a Lockheed Martin, but we have acquired three smaller companies and we are growing by that and it has been a real positive condition for us.

I have recently retired as the President and CEO of the company and have moved back to Bethesda, MD. So I do not know whether that was a good move or not. Considering the weather we are having now and the beltway traffic, I think I would rather take my chances on floods, earth quakes and rolling into the Pacific Ocean. But anyway, I am here.

I know that reform in acquisition is not easy and I really commend the committee, Chairman Clinger (Government Reform and Oversight Committee), yourself, Representative Collins and Representative Dellums on what has been accomplished to date. I think, as a small business, we need to move forward and put into place those things that we started with FASA and continue on with FASA and the second phase of it.

I really feel that the small business viewpoint I need to emphasize some major things that hang up a small business. The reason I say that is because I have also been for big business. I spent 30 years in a larger company, GTE, and then I took over a small company. So the things like acquisition reform related to audit process, and I know there is a lot of dialog here on audit processes, and examples are in the testimony there. One is that we bid on a \$700,000 job and we won it. Several people came into our facility for a week and reviewed it. It was already awarded, it was reviewed by the contracting officer. And the audit process then said that we actually had to give up \$32,000 out of that \$700,000.

And there was really no background for it, but in theory when an auditor comes in he needs to do a job. If he went home and said well, that is a perfect proposal. I did not find anything and that as far as he and his boss are concerned he did not do the job. So they need to find something.

And now, just the opposite, the contracting officer said that he thought our proposal was too lean and we might be in trouble. He wanted to increase our contract cost. And that is because it all fit into their funding profile. So this competition, you know, there are a lot of pluses and minuses on how you do this type of acquisition.

So, anyway, to move on. I guess there are probably four major areas that I think, as a small business, we need to try to remedy by these new laws. That is the strangle-hold that we have that the laws that are put in place for small businesses, the audit process, and the things related to contract close-out. I do not know how big businesses are but I think they are the same as we are. Where it has taken us two to three years to close out our contracts and we have fees sitting out there, we have money sitting out there and we need to pay interest on it.

In some cases companies have gone eight to 14 years before contracts are closed out. There is a procedure by which that could be remedied, but we do not see that happening.

Also we feel that H.R. 1670 addresses that and I think that if that is passed then I think that will help a lot of the problems that we have.

The other thing is the compounding of regulations. I have a few examples and I will give one in particular and that is really related to export. By being in a small business we need to go off-shore just like the big companies are going off-shore. And when Congress sets down the rules and policies—and by the way, this administration has done an outstanding job in supporting the industry in exporting the products, it is the best that we have seen—the problem is that when a rule is set within the Congress channels, it really gets passed down to the next level, the next level and by the time it gets down to the guy in the trenches who is making the decisions, he says, well, I do not want to export this. He has a personal opinion related to why he should not export this. And we are constantly fighting that, constantly fighting that.

We understand that we should not be exporting critical technology to certain places because we want our company to be as safe as anybody else does. And so it is a real problem in this export. That is what I meant by when a regulatory rule is set it gets interpreted probably 10, 12, or 15 times before it gets down to the guys in the trenches.

Another thing is paid invoices, which I think is another major problem for small business especially, since cash is gold these days. When an invoice used to be sent to the contracting authority it was signed within a reasonable period of time and now it needs to go to a contracting officer's technical representative and he is the person that can say well, they have performed their work and should we pay them?

Unfortunately that technical representative could be on TDY, he could be on vacation and that invoice sits in his basket. We have actually had a case where he was TDY for 30 days and then got extended about 3 or 4 times and we went over 120 days because that invoice sat in that guy's box. And they said we do not have anybody qualified to check the product against the invoice. And I understand that, but also understanding that this product, there has got to be some middle line by which we can say, OK, what is

a reasonable period of time if this person is not available then somebody should do that. It is not only a problem with just small businesses, it is also a problem with big businesses.

I think to wrap this thing up, like I said my testimony is there, there are six or seven major recommendations that are in the testimony. And the key thing is, I think, streamlining the acquisition, using all the people that are a part of the Acquisition Reform Working Group. There are major corporations, there are thousands of middle-sized businesses and small businesses. I think we are all cohesive in saying that we all need some kind of reform and especially for those small and disadvantaged businesses it is even tougher than our business. They even have a rougher job than we do in making sure that we make a profitable return on our investment.

So I appreciate you, and the time to come back here and talk to you about this. And I would be more than happy to talk to anybody in more detail whenever you want.

Thank you, sir.

[The prepared statement of Tom Mulcahy follows:]

Testimony of the Acquisition Reform Working Group  
before the House National Security Committee  
August 2, 1995

Presented by

Mr. Thomas Mulcahy  
Chairman of the Board  
Condor Systems, Inc.

and

Mr. Sam F. Iacobellis  
Executive Vice President and  
Deputy Vice Chairman-Major Programs (Retired)  
Rockwell International Corporation

Good morning, Mr. Chairman. Thank you for the invitation to testify on measures aimed at streamlining our government's cumbersome procurement system.

Today, we are pleased to testify on behalf of nine associations which have formed the "Acquisition Reform Working Group" (ARWG). These organizations are listed at the end of this statement (attachment A). Together, we represent tens of thousands of companies and individuals, the overwhelming majority of which are small businesses, as well as majority and minority-owned businesses, companies which do business with the Department of Defense only, with the civilian agencies only, and with both. We also have members of all sizes who refuse to do business with any federal agency, in part because of the very acquisition laws which are the focus of today's hearing.

We are pleased that this Committee has continued to be interested in pursuing acquisition reform since your efforts in the last Congress were critical to the successful passage of the Federal Acquisition Streamlining Act of 1994 (FASA). In particular, the Committee has asked us to address three elements: acquisition reform generally, including FASA implementation and industry initiatives for further reform; comments on H.R. 1670; and comments on other Executive Branch procurement initiatives.

#### I. ACQUISITION REFORM

FASA is the result of a four-year bipartisan effort (beginning with the Section 800 Panel review of Defense Department acquisition laws) to streamline and reform the existing costly and complex Federal procurement process. It is the most comprehensive

government-wide acquisition reform statute in over a decade. The principal objective of FASA is to strike a more equitable balance between the multitude of government-unique policy requirements imposed on Federal procurements and the need to lower the Federal Government's cost of doing business. The Act is a big step toward accomplishing this objective. It makes it easier for the government to acquire commercial goods and services and to use commercial practices; streamlines the rules and regulations for high-volume, low-value Federal procurements; and improves access by small business to Government contracting opportunities. The Act also seeks to achieve, in most cases, a uniform government-wide acquisition policy.

The government spends approximately \$200 billion a year for goods and services. This volume of expenditures evokes an understandable concern about ensuring that the interests of the taxpayer are protected. This, in turn, has led to redundant controls, certifications, etc., which unnecessarily complicate the process, which as numerous government and private sector studies have demonstrated, increases the cost of goods and services which the government buys. The result is a system overloaded with controls to guard against "fraud, waste and abuse" -- controls which shortchange the taxpayers because of the higher prices caused by non-value added costs. The government's and contractors' workforce are so challenged just to cope with the proliferation of regulations and procedures that there is little time or incentive to be innovative or to exercise judgement and there is little or no individual accountability. Indeed, under the current system where judgements are routinely second-guessed and challenged<sup>x</sup> and often result in charges of criminal conduct, few responsible contracting officials are willing to exercise the flexibility they have at the risk of shortening their careers. This must be changed.

Two reviews -- the comprehensive Acquisition Law Advisory Panel on Streamlining and Codifying Defense Acquisition Laws (commonly referred to as the Section 800 Panel review) and the National Performance Review -- have documented the need to streamline procurement procedures to increase access and competition in Federal procurement, and save the government money. The studies also indicated that current trends of further burdening the system and the workforce must be reversed as the first step to instituting a cultural change in the acquisition workforce.

Both studies concluded that the procurement system has evolved into a complex maze of laws and regulations that makes the process too cumbersome and fails to provide sufficient incentives for suppliers to deliver quality products and services at reasonable prices, or to allow government personnel to exercise prudent discretion and good business judgement. Furthermore, the studies showed that the current system discourages companies -- especially commercial companies -- from wanting to do business with the government.

As we moved toward addressing the barriers to a streamlined process, however, we remained cognizant of the concerns over fraud, waste and abuse that created these barriers in the first place. FASA addressed the barriers to a streamlined, efficient purchasing and, at the same time, remained sensitive to those concerns.

#### FEDERAL ACQUISITION STREAMLINING ACT OF 1994

With the passage of the Federal Acquisition Streamlining Act of 1994, Congress took a significant step toward reforming the way in which the government procures goods and services. In particular, critical improvements were made in areas related to commercial item procurements, the Truth in Negotiations Act (TINA) requirements for cost and pricing data and the simplified acquisition threshold.

• Commercial items. The rules that make it almost impossible for a manufacturing facility to produce both military and non-federal products in the same factory without violating federal regulations, statutes and/or accounting rules are a major obstacle to doing business with the Defense Department. Facilitating the procurement of commercial products and services remains perhaps the single most important issue to be addressed in acquisition reform. It was a major focus of everyone.

FASA is based on the premise that the forces of the commercial marketplace can be relied upon as much by the government as they are by all of us when we spend our own money -- to ensure that product quality meets our requirements and that the prices and terms are fair and reasonable. The Act establishes a specific preference for procurements of commercial items. It also exempts such procurements from a number of statutory requirements, including several that currently are "flowed-down" to subcontractors.

• Truth in Negotiations Act (TINA). Past TINA requirements resulted in some of the more onerous burdens on industry due to the amount of financial information that a contractor is required to collect uniquely for the government. FASA permanently increases the threshold, government-wide, to \$500,000 (adjusted for inflation), below which certified cost or pricing data is not required. It also creates a possible exception for certain commercial item procurements.

• Simplified Acquisition Threshold (SAT). FASA raises the SAT threshold from \$25,000 to \$100,000 for agency use of simplified contracting procedures. Such procurements would be exempt from a number of statutory requirements. This simplified process is also available to contractors for subcontract purchases under \$100,000.

IMPLEMENTATION

ARWG recognizes that diligent oversight of FASA implementation is needed to ensure that the promises and opportunities envisioned in the law are not lost. We are pleased, therefore, that the Committee's report on the Fiscal Year 1996 defense authorization bill (H.R. 1530) addresses this critical issue of FASA implementation, and that other Committees have held hearings on this matter.

A word of explanation about the relationship between ARWG and the Council of Defense and Space Industry Associations (CODSIA). CODSIA is a multi-association entity formed in 1964 by industry trade associations having common interests in the defense and space fields. It is comprised of nine associations and represents approximately 4,000 large and small firms. The Department of Defense encouraged formation of this organization as a vehicle for obtaining broad industry input on new and revised regulations, policies and procedures concerning procurement issues.

The industries represented by CODSIA have a long history of working collectively on procurement issues as they relate to the regulatory process. CODSIA by its charter is prohibited from lobbying Congress. Therefore, while CODSIA was very active in providing comments to the DOD Advisory Panel on Codifying and Streamlining Acquisition Law (commonly referred to as the Section 800 Panel), CODSIA did not lobby Congress on the resulting legislative proposals incorporated into FASA.

In the spirit of cooperation, these same associations, largely made up of CODSIA associations, came together to form the ad-hoc Acquisition Reform Working Group (ARWG). ARWG has become a recognized multi-association entity focusing exclusively on providing industry comments on legislative acquisition reform initiatives. It is anticipated that coordinated industry comments and recommendations on legislative acquisition reform initiatives would be provided by ARWG and comments on regulatory implementation of acquisition policy matters would be provided by CODSIA.

CODSIA has expressed great concern with the quality of many of the draft implementing regulations to date and believes that in many areas they fall short of the congressional intent to streamline the acquisition process. ARWG, too, believes that the draft implementing regulations fall short of the congressional intent to streamline the process. Therefore, we have provided for the record a summary of the comments that CODSIA has provided to the Administration on their draft FASA regulations.

FASA regulatory implementation strategy. The enactment of FASA created a major challenge for the FAR Council to draft comprehensive, government-wide, procurement rules which would carry out both the spirit and intent of FASA. The FAR Council responded

to this challenge by establishing government-wide drafting teams which were instructed to review the new law and draft regulations taking a "clean sheet of paper" approach. Upon arriving at some consensus within the drafting team, the draft regulation was issued for public comment. Several innovative procedures were employed:

- 1) Any commentator, government or industry, could request a public meeting on the draft rule;
- 2) The public meeting was attended by members of the FAR Board of Directors and the drafting team;
- 3) The public meeting encouraged discussions and facilitated greater government/industry exchange of ideas; and
- 4) The draft rule was published again for final review and comment.

The implementation process, which includes two-60 day public comment periods, is moving along at a pace which could still meet the statutory deadline of 330 days.

While the process is still ongoing, we encourage the FAR Council to review the procedures employed in the FASA regulation implementation process with all the stakeholders to assess what worked and what did not work. The stakeholders would include: drafting team members; industry representatives from both large and small business interests; congressional staff; contracting officers; and the FAR Board of Directors.

#### ARWG KEY ISSUES

Continuing the push for acquisition reform remains an issue of central importance to the Congressional goal of achieving a more efficient government and getting more from budget dollars. It is of central importance to industry also. The degree to which the government is able to expand its sources of supply to acquire better quality and less costly goods and services (e.g. by removing costly non-value added requirements) clearly will be a benefit to the American taxpayer and a step toward greater efficiencies in the government buying process.

ARWG firmly believes that further legislation is necessary to fully effect the fundamental reforms needed to ensure the efficient and effective conduct of Federal Government contracting.

The ARWG recommendations encompass four broad categories:

(1) Additional streamlining and simplification measures.  
These include:

- contract close-out streamlining
- certification elimination
- elimination of non-standard clauses
- simplified solicitation

Each of these issues applies across the entire range of government procurement actions. Contracting problems are faced by all companies because of the high risk investment currently associated with defense contracting in particular. While an "average" contract generally doesn't get the attention that a major weapons system does, the non-value added cost on each individual contract in terms of extra paperwork, cost-of-money and inefficiency totals up annually to many millions of dollars in taxpayer money.

- For example, action is needed to ensure sufficient monies to streamline contract closeout without having to shift funds from current programs and also to prohibit non-value added paperwork and oversight steps. When a contractor completes performance on a contract for the government, the final payments due the contractor are withheld by the government until the government can audit the contractor's billings and negotiate final payment rates. Typically, this process takes four or five years and, very often, as many as seven or eight years. One member company waited 12 years for its final payment -- not because there was any dispute over the funds but because the government just didn't get around to completing the audit. Fortunately, administrative actions to address this issue have been taken recently and will be discussed later in the testimony.
- Legislative action is needed to eliminate the statutory and regulatory contractor/offeror certification requirements, most of which are not really necessary to ensure the lowest price for a quality product. Certifications generally are a way of providing contracting personnel with a "comfort factor," or a double-check on information that is otherwise available, but these certifications potentially subject contractors to severe criminal and civil penalties for inadvertent misstatements.
- Another problem for businesses is the compounding of regulation upon regulation. For example, Congress may pass a law which requires the development of a new acquisition regulation or policy by the Office of Federal Procurement Policy. After this is issued, each service or agency develops a rule or regulation which is its interpretation of the federal policy. Their subordinate commands do the same. These agency supplements to the FAR enable the agencies to impose unique requirements on the private sector. Elimination of these agency supplements would be a major improvement for contractors; we believe government contracting officers would also welcome this change.
- Another contract related problem is what could best be called lapses in the contracting cycle. When a company is providing a product or service, the work is such that it could span more than one fiscal year and is incrementally funded or

takes the form of a basic ordering agreement with multiple tasks. Because of the flow of money and the delays in the processing of contracts, there are gaps of weeks or months between the end of one task and the beginning of the new one. Even though we know there is going to be follow-on work, and that the money is available and contract instruments are in process, we cannot start work. For small businesses, they cannot afford to carry individuals on overhead and often must lay people off. This is highly disruptive to companies and to the customer, and does not keep a team together for the project. One solution appears to be fairly simple -- require contracting officers to fully utilize the Advance Agreements part of the Federal Acquisition Regulation. This clause allows the contracting officers to authorize precontract costs for work that is going to be performed. The problem is, almost no contracting officer uses this clause because of reluctance on the part of higher echelon commanders to authorize its use. The proper application of this clause could solve many contracting problems, especially for small businesses. While this issue is mainly administrative in nature, it exemplifies the "culture" that will be difficult to change. Congress can facilitate culture change by legislation such as FASA, and even more so by not overreacting every time a contracting officer or contractor makes a judgement with which it does not agree.

(2) Global and international related measures. Included in this area is the elimination of the statutory vestiges of recoupment of non-recurring cost. In the highly competitive global marketplace, recoupment often can mean a 20-30 percent competitive disadvantage to U.S. companies. With such a disadvantage, U.S. companies can lose sales opportunities which results in a loss of U.S. jobs, less U.S. defense capability and, with reduced volume due to the loss of sales, a higher cost to U.S. taxpayers for defense products. The Administration supports the repeal of recoupment.

(3) Additional commercial items procurement measures. We believe that no government-unique terms and conditions should apply to purchases of commercial products. When the government acts as a player in a larger commercial marketplace, it enjoys the same protection as other buyers and needs no unique protection. Competition ensures that the prices and terms are fair and reasonable, and that product quality meets contract requirements.

The Congress enacted many significant commercial product reforms in FASA. While FASA was a first good step in simplifying the process, further reforms are needed to simplify a process still laden with laws, regulations, procedures, forms, bureaucracy and culture which prevent the government from raising its purchasing system to a world-class

standard. Doing business the "government way" creates an artificial distinction between commercial and government sales, keeps commercial companies out of government sales, and needlessly wastes taxpayers money on non-value added government-unique provisions, certifications, and audits. There are three areas we believe must still be addressed in any acquisition reform measure:

- A comprehensive list of statutory exemptions for commercial prime contracts.

The benefits that could be gained by purchasing a commercial product are greatly reduced with the introduction of only a few government-unique terms and conditions. A commercial item purchased by the government cannot, as a practical matter, be treated differently than items purchased by commercial customers.

To accommodate these government-unique terms and conditions, new systems must be established, causing increases in costs and delayed schedules -- and the company becomes less competitive as a result. Piecemeal commercial products reform simply will not reap the cost savings and efficiencies the government needs in this critical budget environment. Indeed, attempting to specifically waive individual elements of existing legislation to remove all barriers to the integration of the commercial and defense sectors is a hit or miss process. ARWG, therefore, recommends a more global approach that would expressly supersede any other provision of law and would require the acquisition of commercial items in accordance with commercial terms, conditions, practices and specifications at the manufacturer's commercial prices. Commercial companies would still be required to comply with all of the laws that apply to U.S. businesses, such as equal employment opportunity, minimum wage requirements, and Securities and Exchange Commission regulations.

If waivers cannot be addressed on this global basis, additional prime contract barriers such as rights in technical data, cargo preferences and Buy American/Trade Agreements provisions, must be exempted.

Also, ARWG would like to emphasize the need for statutory relief rather than simple waiver authority for the executive branch. We have found that where waiver authority has been available to the Defense Department, for example, the department has been reluctant to use it, particularly when the procuring activity is required to elevate approval to the Agency Head or above. It can take years to secure waiver approval.

• ARWG recommends a clear, unambiguous TINA exemption. Industry found that the FASA proposed regulations create different treatments for qualifying commercial items depending on the exception. (FASA created a "new exception" for commercial items and a "catalog and market price" exception for commercial items already existing in TINA.)

• Elimination of post-award audits for commercial product procurements. FASA grants the government post-award audits for two years after award of a commercial contract. We believe that a competitive price for a commercial item can be established by market research techniques, surveys and the like. When this information is not available, the vendor can support the price of the commercial item through other objective evidence, such as customer orders and invoices and purchasing agreements with other customers. We believe the government, therefore, can adequately determine price reasonableness prior to reaching an agreement on the price of a commercial product. We want to make clear, however, that if a company commits fraud, the government should, and will, have full rights to impose the penalties under current commercial commerce law. Fraud simply cannot be tolerated in any marketplace.

(4) Small business and other items. ARWG supports programs that encourage and assist small businesses (including small disadvantaged and women-owned businesses) to obtain a "fair share" of federal procurement opportunities. Small businesses and small disadvantaged businesses are important sources of supply to the Government. Yet, small business disproportionately feels the loss of business revenue and the unique burdens placed on Government suppliers. These businesses can least of all afford to bear the additional overhead costs (including the hiring of additional employees or lawyers to ensure compliance) associated with doing business with the Government.

FASA included many significant benefits and protections for small businesses in federal contracting. ARWG believes that more can be done by making permanent the Defense Department's pilot mentor protege program and extending it to all government agencies; by expanding the Defense Department's comprehensive subcontracting test program; and by providing clearer authority to civilian agencies for their own subcontracting programs.

In addition, legislation should be enacted that authorizes sales by the Defense Department of low dollar value plant equipment to incumbent contractors.

Attached is list of the individual items which fall into these broad categories (attachment B). A copy of the complete ARWG

package has already been submitted to the Committee. This package, however, does not encompass all of the issues that industry is pursuing. Indeed, there are several coalitions working on additional legislative proposals which ARWG will support.

Now is the time to enact additional acquisition reform initiatives that will bring us even closer to the streamlining goals we all share.

## II. THE FEDERAL ACQUISITION REFORM ACT OF 1995 (H.R. 1670)

Turning to the bill introduced by Chairman Floyd Spence and Chairman Bill Clinger (House Government Reform and Oversight Committee), the Federal Acquisition Reform Act of 1995 (H.R. 1670) is a vehicle for further Congressional action on acquisition reform. ARWG is strongly supportive of many provisions in this legislation -- those provisions alone push the envelope of acquisition reform further than ever before. Other areas have promise, but may need further refinements to achieve your articulated intentions. The bill went through one set of changes when added as an amendment to the Defense Authorization bill (H.R. 1530) in June, and again last week in the Government Reform and Oversight Committee.

Outlined below are our comments on key elements in H.R. 1670.

### ARWG Principles on HR 1670

Among the more difficult tasks is looking at specific legislative proposals and determining whether to recommend to the various associations and to their member companies to support or oppose specific provisions. Since HR 1670 was approved in final form by the Government Reform and Oversight Committee only last Thursday, it has been impossible to fully analyze the 148 pages of amendments to existing procurement laws in order for the associations to reach a final conclusion on the legislation.

ARWG has been given the opportunity to discuss with members and staffs of the Government Reform and Oversight Committee and the National Security Committee their intent in putting forward this legislation. We have also seen several drafts of various amended sections of the legislation. We very much appreciate the opportunity we have already had to work with the committees and your staffs to understand the policy direction you seek for the legislation, to provide our assessment of the impact of the proposed changes on the current system, and to offer our suggestions. We believe that process has benefitted both sides. In light of these exchanges, we believe we can continue to provide your committee with meaningful comments on the legislation.

Several ARWG associations and member companies have looked carefully at versions of HR 1670 that predate the Clinger substitute amendment approved by the Government Reform and Oversight Committee on July 27 and concluded that the specific texts did not appear to implement the sponsors' expressed intent. We hope that this Committee, and the Government Reform and Oversight Committee, will continue to refine the text to make the sponsor's intent explicit.

Competition (Title I)

Title I of HR 1670 as approved by the House Government Reform and Oversight Committee amends several key provisions of current law -- basically, the provisions of the Competition in Contracting Act and related provisions that were incorporated into dual conforming statutes for Defense and for the civilian agencies in 1984, and for government-wide applicability in the Office of Federal Procurement Policy Act in 1988.

As we noted in our June 21, 1995 letter to Chairman Clinger and other members of the House, ARWG continues to support the concept of providing government agencies with the option of conducting procurements utilizing something less than "full and open competition," as traditionally defined, while still maintaining the key attributes of full and open competition. A copy of the ARWG proposed competition process is attached (attachment C).

Our purpose in developing this proposal is to outline a process which at the outset maintains the intent of full and open access to bidding and contracting opportunities. At the same time, the initiative reflects the need for the government to conduct competitions in the most efficient and effective manner and, in doing so provide, potential bidders and contractors with information on their qualifications at the earliest opportunity.

ARWG members all agree that it is a waste of time and valuable resources to compete for federal procurements in which they have no viable chance of winning. Competition in the federal marketplace should be aggressively pursued, but when a contractor may not be in a viable position to win a contract award that contractor needs to be told promptly, be given a thorough debriefing and allowed to decide whether to pursue the procurement.

ARWG has supported a process which includes a "pre-offer" phase in which the agencies would be required to provide a clear and sufficient notice of their intent to issue a solicitation. The notice should include a reasonably detailed synopsis of requirements as well as the criteria on which both an early narrowing of the competitive range and the final source selection determinations will be based. The notice could also specify that the agency will require brief statements of interest/

qualifications from firms wishing to participate in the solicitation. The notice must also include an announcement of any agency intent to seek to limit the competitive range in the post-offer phase, and the criteria on which such a down-select decision will be made.

There are numerous examples under current law in which the Congress, and the procurement community, have recognized legitimate circumstances when procurements using procedures "other than full and open" competition.

For example, current law clearly allows agencies, under specific procedures, to restrict competition to bidders who have "prequalified" to meet legitimate agency requirements. In addition, last year, as part of the Federal Acquisition Streamlining Act (FASA), Congress enacted the simplified acquisition threshold of \$100,000 and provided that procurements below that threshold must generally be reserved exclusively for small business.

The legislation provides for a pre-award debriefing, and the information gained from the debriefing could provide the basis of a protest. ARWG shares the committees' intent that all offerors who are excluded from the competitive range are entitled to a debriefing from the agency regarding the basis of the agency's decision. The timing is the key issue dividing us; to be effective, we believe all who are excluded from the competitive range must be debriefed at the time the down-select decision is made, unless there are reasons clearly spelled out in advance in the regulations.

With respect to the verification provisions of the legislation, we have had a number of discussions with staff about our concerns with changes from the current system. Although we have not completed an analysis of the Government Reform and Oversight Committee's proposal in this area, we believe our major concerns have been addressed in the legislation.

On a closely related matter in Title I, we have repeatedly expressed concerns about the significant delegation of authority to the Executive Branch to write regulations to define the procurement system that is to result from the enactment of this legislation. Unlike FASA, which last year delegated authority to the Executive Branch to remove barriers that stood in the way of expanding the current acquisition system, we believe this legislation delegates authority to the Executive Branch to write, and then implement, the basic rules of a new acquisition system. As we noted in our discussion of the still-in-progress regulatory implementation of FASA, the ARWG/CODSIA organizations still have a significant number of concerns with the rules and with the rulemaking process. Our experiences over the past several months have led to our skepticism about the responsibilities given the Executive Branch under this legislation. This concern is further exacerbated by the provisions

in title I which grant the Executive Branch broad powers to write virtually unlimited regulatory exemptions from the "open access" provisions of law.

Commercial Items (Title II)

ARWG applauds Chairmen Spence and Clinger for their efforts to make further reforms in the area of commercial items. The introduced version of H.R. 1670 on commercial items is a solid legislative proposal that significantly advanced the initiatives that Congress began more than five years ago and refined substantially in FASA.

The bill favorably addresses critical issues in the area of cost or pricing data, post-award audits and cost accounting standards. We fully expect that these proposed changes will enhance the government's ability to buy off-the-shelf goods and services and encourage commercial companies to enter the federal marketplace. The changes also will have a positive impact on industry, including small businesses.

We support the bill's action to help eliminate several statutory and regulatory certifications, most of which are not necessary to ensure the government that it is receiving fair and reasonable prices for quality products. We suggest broad language be used which prohibits statutory certifications from applying to commercial items except as set forth in this bill.

In the area of the Truth in Negotiations Act (TINA), ARWG strongly supports the provisions fully exempting commercial items from TINA, and eliminating post-award audits for commercial items. ARWG argued during the debate on FASA that a clear exemption from TINA for commercial items was needed to simplify this complex requirement. Implementation of the TINA regulations has proven that it is difficult for the regulations writers to understand how the various statutory exemptions from TINA apply to commercial items and how they interact with each other. Also, in our view, FASA failed to help simplify commercial item acquisition when it included a two-year post-award audit provision. H.R. 1670 correctly eliminates this provision. In testimony given earlier this year on procurement reform before the Government Reform and Oversight Committee on February 28, 1995, the General Accounting Office (GAO) also supports fully exempting commercial items from TINA and deleting the FASA imposed post-award audit provision.

While FASA was a step forward in simplifying the acquisition of commercial items and may appear as substantial movement in acquiring commercial items, ARWG believes that its effects will not be as great as expected without further statutory changes to eliminate non-value added government-unique clauses from the acquisition of commercial items. FASA eliminated certain statutes to commercial item acquisition and allowed the Executive Branch to

identify additional statutes to exempt at the subcontractor level. It failed, however, to eliminate a number of government-unique provisions which result in requirements and burdens that are at cross purposes with commercial businesses competing in a global environment.

ARWG believes that no government-unique terms and conditions should apply to purchases of commercial items. When the government acts as a player in a larger commercial marketplace, it enjoys the same protection as other buyers and needs no unique protection. Competition ensures fair and reasonable prices, and that product quality meets contract requirements. We believe that H.R. 1670 should provide that no other statutory acquisition requirements are mandatory for the acquisition of commercial items except as specifically identified in this bill, and that any post-enacted statutory requirements otherwise applicable to acquisitions by the government shall be inapplicable to acquisition of commercial items except to the extent that such law expressly states otherwise.

While some changes may have to be made to accommodate legitimate concerns that have been raised by some of the agency oversight activities, any amendment that would simply cap the use of simplified acquisition procedures for commercial items at \$100,000 would make virtually no change to current law.

#### Government Reliance on the Private Sector (Title III)

Driven by severe budgetary pressures, cities, counties and states across the nation are rapidly turning to the private sector to provide services of every conceivable kind, recognizing as they do that the outsourcing of government services saves money and often improves the quality of services. These governments also have recognized that there are scores of functions performed by government personnel that government simply doesn't need to perform and that the private sector could provide efficiently. Since we know that growing jobs in the private sector is the key to our nation's economic well being, it only follows that a course of aggressive outsourcing serves the interests of the government and its taxpayers.

The Office of Management and Budget (OMB) estimates that there are as many as 500,000 federal positions that could be contracted out. OMB studies and others have shown that for each federal position converted to the private sector, the government saves an estimated \$10,000 annually. Thus, it is easy to see how an aggressive outsourcing initiative could result in cost savings of billions of dollars annually.

ARWG, therefore, applauds this bill for its strong statement in support of reliance on the private sector for goods and services needed in the government. For the first time in our history, you have placed in statute an explicit policy to rely on the nation's

private sector. There can be no question that the development of capabilities in the private sector, rather than the public sector, is in the nation's best interest. As the resources of the government decrease, this is a fitting time to assure that the government is operating in its proper role and utilizing existing private sector resources for non-governmental functions.

ARWG strongly supports this provision and hopes to work with the Committee to develop follow-on legislation to establish necessary enforcement mechanisms to ensure that this reliance on the private sector is fully embraced by all agencies.

While we applaud this statutory statement, we must remind the Committee that we need to grapple with the linchpin issues of public-private competitions and the validity and fairness of the current cost-comparison process. By any measure, the current process fails to adequately account for government costs, and skews the selection away from the private sector. As a side note, ARWG commends this Committee for tackling the issues of privatization within the Department of Defense by repealing the 60/40 rule, effective December 31, 1996.

#### Elimination of Certain Certification Requirements (Title III)

ARWG whole-heartedly endorses this provision as a benchmark for elimination of non-value added administrative burdens. This section adopts the essence of the ARWG recommendation to statutorily prohibit the regulatory implementation of unnecessarily burdensome non-statutory certifications. While maintaining the integrity of compliance requirements, the bill also repeals four statutory certifications pertaining to requests for equitable adjustments, contractor inventory control systems, payments to influence federal transactions, and the Drug Free Workplace Act.

ARWG believes that additional statutory certifications could be eliminated. We have already provided the committee with an updated list of certifications currently required by statute or regulation.

#### International Competitiveness (Title III)

In the area of global and international measures, we are pleased to see the long called for provision to repeal the recoupment of non-recurring costs -- this is a key ARWG recommendation. In the highly competitive global marketplace, recoupment often can mean a 20-30 percent competitive disadvantage to U.S. companies. The repeal of this statutory requirement will greatly enhance the competitive capability of international defense manufacturers.

Recoupment charges raise the price of U.S. products. While these charges may have made sense during the Cold War era when the

U.S. dominated the world defense market, today there are competitors for most products that the U.S. is willing to allow its contractors to sell overseas. The U.S. taxpayer and the Department of Defense will benefit significantly from an export sale of defense equipment, including increased employment and tax revenues and decreased unit costs for the same equipment being purchased by the U.S. government. If a sale is lost because of the higher price effects resulting from recoupment charges, then none of these benefits is realized.

#### Procurement Integrity (Title III)

In FASA, the Congress acknowledged the plethora of overlapping, redundant and conflicting laws on the subject of ethics and integrity in government contracting and the employment limitations associated with conflicts-of-interest in this area. This was a good beginning, but there remains much more that can and should be done in order to let people perform their jobs in an efficient and value-added manner without having to spend time on non-value added certifications, training sessions, and self-protective actions and documentation.

ARWG fully supports initiatives both within the government and industry to enhance the ethical and efficient functioning of the acquisition process. Over the years, however, too many overlapping statutes have been enacted, aimed at preventing the same kinds of abuse but with different restrictions. Enactment of the changes in H.R. 1670 will go a long way toward achieving a truly streamlined reform in ethics and conflict of interest statutes and redundant post employment laws. ARWG supports the provisions repealing onerous reporting requirements and duplicative conflict of interest statutes and replacing them with broad protections for source selection and proprietary information.

H.R. 1670 would promote understandable government-wide standards that are not only rigorous, but readily understood and enforceable. Replacing the existing patchwork of complex, overlapping rules with a simpler, less burdensome structure is long overdue. The result of these changes is certain to be a movement toward more healthy, open and substantively-based communications between the buyer and seller, which has been unduly inhibited in recent years.

ARWG is aware that the version of Procurement Integrity legislation in H.R. 1670, as marked up the Government Reform and Oversight Committee, and in the House passed FY 96 defense authorization bill (H.R. 1530), differs from the version that was initially included in H.R. 1670. The initial version of H.R. 1670 provides the strongest protections for the government's interests while preserving the rights of U.S. citizens, whether they be employed by the government or by a private contractor, to be considered innocent until proven guilty of wrongdoing.

The changes which have been made to this portion of the bill delete some key protections for individual citizens. Specifically, the standard for a violation has been changed from "knowingly and willfully" to "knowingly;" maximum imprisonment has been increased from five years to 15 years; and the standard of proof has been changed from the more rigorous "clear and convincing evidence" to the "preponderance of the evidence" standard. ARWG believes that these changes are inappropriate and unjustified. We endorse only the original version of the bill in these respects.

Penalties of up to 15 years in prison are excessive for an information protection law. Currently, 15-year prison sentences are reserved for such crimes as armed robbery and wrongful distribution of amphetamines; a five-year maximum sentence is available for such crimes as making false official statements and obstructing justice, which are much more comparable to a procurement integrity violation.

#### Bid Protest and Contract Disputes (Title IV)

One of the areas of heightened attention is the proper role for, and access to, protests. Protests are an unfortunate, but very necessary part of the federal acquisition system. In and of themselves, they serve as a valuable check on the actions of government to ensure that the system is fair, open and consistently applied to all. In our view, it is not a question of whether there needs to be a protest system in the federal acquisition system, but rather what protest mechanisms are the most effective. It is critical to recognize that the protest provisions of current law and regulations are only a part (and a very small part) of the entire federal acquisition system. Rather than looking at protests as a stand alone matter, we must look more deeply into the earlier in time requirements development and contract formation processes to identify root causes for why protests are filed. Bid protests are only one part of the broader procurement process and with improvements of the acquisition system will come a reduced use of the protest system. Yet the protest process now in place can still be made more efficient.

ARWG strongly endorses the use of alternative dispute resolution mechanisms and the establishment of sanctions for frivolous protests. ARWG has provided committee staff with an alternative that builds on the language in H.R. 1670. This alternative focuses on a four-phase approach (see attachment D) which includes: (1) prompt and detailed debriefings (as called for in FASA); (2) objective, senior-level agency review; (3) board-supervised alternative disputes resolution (ADR) process; and (4) board-conducted quasi judicial process.

Title IV of H.R. 1670 addresses the streamlining of the disputes resolution process. This is a subject of vital interest to all parties involved in the acquisition process. In the

interest of economy and efficiency, streamlining of the current process is both timely and appropriate. However, expediency should not be accomplished at the expense of fairness. Needlessly adversarial and procedurally-encumbered adjudicating procedures which waste the resources of all parties, and disrupts the acquisition process - particularly source selections - due to trivial, nonprejudicial error, are a luxury the process can no longer bear.

ARWG believes that the legal and proceedings costs of protests are a reasonable and necessary business expense, but such costs should not be reimbursable under government contracts when the protest in issue is either frivolous or has been pursued in bad faith. Moreover, the costs incurred by a prevailing protestor in preparing and submitting a proposal to the government should be reimbursed when the adjudicating forum determines that the government had acted arbitrarily, capriciously or contrary to law or regulation, resulting in substantial and prejudicial harm to the protester. Title IV appears to adopt this view, but does not address arbitrary or capricious action as a basis for such redress.

There is a rebuttable presumption that the challenged government actions were not arbitrary, capricious, or in violation of law or regulation, as reflected in Title IV. Title IV does properly provide an opportunity, albeit limited within the discretion of the adjudicating forum "to the extent consistent with economy, efficiency, and fairness," to go beyond the agency written record by means of appropriate discovery.

We support the formulation in Title IV that does not deny offerors and bidders access to the bid protest process merely because the procurement at hand is under the threshold for simplified acquisitions or is a procurement for a commercial product or service. To have done otherwise would unfairly disenfranchise a universe of predominantly small and small disadvantaged business concerns. Offsetting this, in the interest of efficiency and economy, is provision for simplified rules in the case of procurements of \$20,000,000 or less. While ARWG endorses simplified procedures for smaller dollar valued actions, we have adopted a position that the specific threshold for access to the full board procedures should be set much lower.

Title IV provides in appropriate circumstances for suspension of awards, suspension of contract performance, and continuation of the procurement process short of contract award in the face of a protest. However, and most importantly, it provides for an agency override under certain circumstances when there is an appropriate agency head determination and notice. The Acquisition Reform Working Group believes these provisions to be consistent with the interests of all parties and, at the same time, protective of the rights of the protester and the apparent successful offeror or bidder. However, we are concerned that the authority of the

government to proceed with award or to continue contract performance not serve as the basis to deny the prevailing protester a fair and proper remedy because of the intervening costs incurred by the government.

In the case of a frivolous protest, the authority to hold the protester accountable to the government for expenses incurred should be limited to those expenses deemed to be "reasonable."

ARWG supports the provisions in Title VI pertaining to the use of alternative disputes resolution. However, past experience suggests that the Board will be disinclined to pursue this approach if the parties do not agree to be bound by the outcome. Title IV does not address that issue, which is important because there is a prevailing issue as to whether the government is bound by arbitration (absent its consent).

In prior testimony and in correspondence, ARWG has stated that greater emphasis should be placed on the resolution of bid protests through an agency disputes process involving an ombudsman or senior official -- at least, as an initial first step. Title IV does not focus on this aspect of the process. It would be beneficial if Title IV requires the FAR to promulgate procedures and regulations governing agency-level bid protests, like the Army Materiel Command, so that the process would be more formalized, more objective, and would provide for a meaningful review and assessment above the level of the contracting officer.

ARWG also has supported the continued jurisdiction of the Federal district courts and the U.S. Court of Federal Claims as provided for in Title IV. While Title IV addresses many other issues which are integral to this subject, such as the consolidation of the civilian agency boards, the standard of review for the GSBCA under the Brooks Act, the role and mission of the GAO, ARWG has not yet reached a consensus on these matters.

#### Consensus Regulations

In some of our recommendations related to H.R. 1670 (especially in Title I), we have compromised our own and your aversion to being overly prescriptive in statutory language and direction to the Executive Branch. Our position is a result of our real-world experience with the conversion process from law to regulations. The trend in the implementation of FASA regulations is a case in point, where the regulation writers have proven to be very conservative and traditional in some of the key areas. In short, we believe specific legislative guidance in certain areas is necessary to ensure a clear understanding by regulators of congressional vision and intent.

Furthermore, it is our strong belief that the impacts of the change in the competition standard in Title I are so far-reaching

and diverse that a consensus rulemaking process represents the best means for developing an effective, fair and comprehensive rule. We urge that you include in the legislation a requirement that a consensus rulemaking process be implemented for the development of the regulations pertaining to Title I of the bill.

### III. EXECUTIVE BRANCH ACQUISITION REFORM INITIATIVES

#### Military Specifications and Standards

During 1994, DOD made two significant regulatory moves on their own to enhance their access to commercial technologies and processes. In February 1994, then Under Secretary of Defense for Acquisition and Technology John Duetch moved to implement the ISO-9000 Commercial Quality Standards. In June 1994, then Deputy Secretary of Defense William Perry announced the elimination of over 30,000 military specifications that should streamline the process. The cultural change needed, however, remains an impediment to implementing this commercial quality process. Furthermore, we have not yet seen the full departmental implementation of the contract regulations regarding milspecs.

#### Contract Close-Out

Earlier this month, Director of Defense Procurement Eleanor Spector issued a class deviation from the FAR to increase the use of quick close-out procedures in defense contracts. Such procedures require the release of 75 percent of all fee withholdings on completed cost-type contracts and allows release of up to 90 percent of all withholdings in certain circumstances. As mentioned previously, ARWG has been a proponent of quick contract close-out and worked closely with the Administration on the language. The class deviation should eliminate the need for industry to pursue legislative action on contract close-out, as originally recommended by ARWG. We very much appreciate the Department's work. A FAR case to make these changes applicable government-wide was recently published for comment.

#### Low Value Property

Mrs. Spector also recently authorized a class deviation from the FAR recordkeeping and inventory requirements for special tooling, special test equipment and plant equipment with an acquisition of \$1,500 or less. The deviation still holds defense contractors accountable for such government property (termed "low value property") but relieves them of the requirement to track the equipment, thus eliminating the need to perform periodic physical inventories. Low value property represents over 75 percent of the items of government property held by contractors, but accounts for only a small percentage of the value. ARWG has sought action in

this area and is pleased with the class deviation which will significantly help reduce costs.

#### FAR Rewrite

In the past several years, the impetus for comprehensive reform of the acquisition process, long called for by the private sector, has grown in both the legislative and executive branches. Industry is encouraged by the fact that this Congress and Administration have taken many bold steps toward "reinventing" the federal procurement process.

Industry believes that a clear, focused, objective for a FAR rewrite initiative should be "a reinvention of the buyer-seller relationship for the 21st century." The goal of this initiative would be a reinventing of the FAR system, as opposed to simply rewriting the FAR. This objective is an important element of meaningful acquisition reform and culture change.

Development of the FAR as a single, government-wide regulation, beginning in 1978, involved over 300 man-years of effort by the government teams alone, and several hundred more man-years on comments and revisions. Knowing that, it is disturbing to hear proposals to rewrite the FAR in six months, or to reduce the FAR to a set of guiding principles.

To achieve the balanced approach to change that we all desire, industry recommends a comprehensive evaluation of the FAR system and process by a joint government/industry commission. The commission should perform the following:

- First, a thorough examination of the FAR system and the process by which all guidance is promulgated. This would include the organization, authorities, public-private interactions, management discipline, priority setting mechanisms and other important elements of the FAR architecture.

- Second, a thorough examination of the multiple formal and informal rules, both mandatory and discretionary. The review should include both primary or top level documents, e.g. the FAR, as well as supplements, policy directives, standard operating procedures, "how to" manuals, and other guidance documents. The Contracting Officer's ability to exercise independent judgment and to be innovative is impacted by all of these.

The commission should provide specific recommendations for both of these related tasks defined in terms of policy, organization, and system/process changes.

Industry envisions the work of this commission to be a one-year effort. Its members should include an equal number of senior government and private sector contracting experts (for example, senior executive level/vice presidents of contracts). The DOD Advisory Panel on Codifying and Streamlining Acquisition Law approach (established in the FY 1991 Defense Authorization bill) is instructive, both as to the appointment of commission members and the thorough scope of review.

An important aspect of this systemic review is the need to address the structure, basically assessing the concepts of mandatory, non-mandatory, and statutorily mandated FAR requirements, keeping in mind that federal procurement must be conducted with "integrity, fairness, and openness." This fundamental principle may be compromised or sacrificed if well-established policies, procedures, practices, clauses and forms are eliminated from the FAR.

In looking at the FAR system, the commission should evaluate the FAR process. The FAR is not a static document to be "rewritten" once and declared a success. Rather it is constantly modified to reflect changes in law, policy, and experience. We believe the current process of modifying the FAR is obsolete and unresponsive to its customers (the public and the government).

An example of the need for evaluation of the FAR process is the significant numbers of open FAR cases, some dating back more than four years, that could benefit both government and industry by clarifying long-standing confusion in language or interpretation. Such cases need to be brought to a reasonable conclusion. Over fifty percent of open cases are more than two years old. That is longer than the entire life cycle of many industrial products. The FAR process is seriously overburdened with serial steps, excessive coordination and independent bureaucratic structures, and ultimately, no true accountability for results (quality, relevance, timing). Therefore, a FAR system reinvention must be accompanied by an equally vigorous effort to put flexibility, responsiveness and accountability into the process by which the FAR is modified.

Upon completion of the commission's research, and based on its conclusions, the recommended structure and process should become the basis for a comprehensive rewrite of the FAR.

#### CONCLUSION

Again, the Acquisition Reform Working Group would like to thank the Committee for this opportunity to testify. We recognize that it would be easy to rest on last year's laurels -- especially since this Committee did yeoman's work. More, however, remains to be done in order to promote an acquisition system that can move the government and industry into the 21st Century.

We appreciate the willingness of the Committee to reach out to industry in developing acquisition streamlining measures. We look forward to continuing the dialogue.

## **1995 ARWG AGENDA**

- 1. Contract Close-Out Streamlining**
- 2. Simplified Solicitation**
- 3. Certification Elimination**
- 4. International Competitiveness**
- 5. Additional Commercial Item Waivers**
- 6. Amend Post-Award Audit**
- 7. Elimination of Non-Standard Clauses**
- 8. Domestic Source Restrictions**
- 9. Waiver of Ethics Provisions**
- 10. Information Technology Review**
- 11. Increased Small Business Opportunities**
- 12. Sale of Government Property**

ACQUISITION REFORM WORKING GROUP (ARWG)  
RECOMMENDATION ON H.R. 1670 - TITLE I

o Pre-Offer Phase

- 1) Agency must post notice of intent to issue a solicitation; notice includes a reasonably detailed synopsis of requirements as well as the criteria on which both early narrowing and final source selection will be based. Notice also specifies that the Agency will require brief statements of interest/qualifications from firms wishing to participate in the solicitation, and that all parties submitting such information will be notified by the agency if the agency believes the firm has a reasonable chance of prevailing. The notice must also include an announcement of any agency intent to seek to limit the competitive range in the post-offer phase, and the criteria on which such a downselect decision will be made.
- 2) All interested parties must respond to the notice with brief synopses of qualifications and interest addressing the agency's evaluation criteria.
- 3) Agency conducts initial evaluation of responses of interests and capabilities and issues advisory opinions (regarding a firm's competitive position) to all firms that submitted such responses, based on the baseline criteria contained in the initial notice.
- 4) Agency issues formal solicitation to all companies who, based on the preliminary screening, are deemed to have a chance of success. Any company that was notified it was not likely to prevail, but still wishes to pursue the procurement, may request a solicitation and proceed. Offerors who did not respond to the initial request for statements of qualifications and interest may also still request solicitations at this point, but the government has no obligation to consider their proposals.

o Post-Offer Phase

- 5) Agency may evaluate proposals and eliminate certain offerors from the solicitation (according to criteria specified in the notice of intent and solicitation) as long as there remain no fewer offerors in the competitive range than announced in the notice of intent, and providing that immediate debriefings are made available to those offerors who are eliminated. This elimination from the solicitation decision is protestable.

In addition, while ARWG believes no changes to a solicitation should be allowed after it is issued, there should certainly be none allowed after a downselect.

**RATIONALE:** ARWG believes this approach carries many advantages and can be tailored to be used on both large dollar procurements with relatively short bidder's lists, and for smaller dollar procurements and commodities purchases that may attract literally hundreds of qualified offerors.

## ARWG Amended Blueprint for a Bid Protest System Four-Phase Approach

### Phase-1: Debriefings

- Mandatory, as required by FASA.
- Better communication between contracting officials and proposers will be the first step toward avoiding protests.

### Phase-2: Agency Senior-Level Review

- Optional process of review by objective senior agency official.
- Procurement is suspended during review.
- Gives responsibility of resolution to the agencies.

### Phase-3: Board Supervised "ADR" Process

- Mandatory newly tailored "GAO-style" process.
- Automatic stay, subject to agency override, disregarded in the Board fashioning remedies.
- Dedicated function within the Board for this ADR process.

EITHER

### Phase-4: USBCA Judicial Process

- Appropriate discovery and supplement to the record.
- Automatic stay, subject to agency override, disregarded in the Board fashioning remedies.
- Allow review for "arbitrary and capricious" decisions and violations of law and regulations.
- Specialized judges for major procurement sectors.

OR

### Simplified Protest Procedures

- Mandatory for Contracts under \$1 million.

**Policy Note:** Extend district court APA standard of review on pre- and post-award protests to Court of Federal Claims.

The CHAIRMAN. Thank you, very much.

Mr. Dellums.

Mr. DELLUMS. I have no questions at this time, Mr. Chairman, I think both gentlemen have made a very straightforward presentation. I have no questions.

The CHAIRMAN. I do not either except, of course, the reason we are having these hearings, I think you have touched on it, both of you have, some people say that what we have done already is enough. And others say we need to do more, that is just the foundation of the beginning. And that is the approach that some of us are taking. I think you have covered that, both of you in your remarks, that we need to do more and also the question of recoupment.

I think you especially refer to that and that it would affect your ability to do business overseas. You might want to reiterate that, Mr. Iacobellis. How it affects your ability to do business overseas?

Mr. IACOBELLIS. Well, I think it is essential so that we could have a level playing field when we compete against the overseas competitors. There is, in one of our examples, a product that we have, there is a 13 percent disadvantage that we would be faced with if we had to go forward with the recoupment charge. And that usually is the margin of victory, a percentage like that. So we think that is very important.

It is obvious that there is a payback to the Government with the volume of business that we would have in-house, that would then lower the overhead for the other work that is ongoing and, of course, would mean jobs to our employees in this country.

The CHAIRMAN. I appreciate that.

I do not have any more questions of this panel.

Mr. MULCAHY. Mr. Chairman, if I may?

The CHAIRMAN. Yes, sir.

Mr. MULCAHY. I cannot strongly emphasize enough that the passage of H.R. 1670 really is important to our industry, especially to the small businesses.

The CHAIRMAN. I appreciate your testimony, I really do, both of you. Do not worry about the fact that a lot of people are not here, they are doing other things, but your statements are a part of the record and it will be a part of this proceeding and it will be very helpful to us in what we are doing.

With that, we will let you go and Mr. Doke, would you mind coming back up and let Mr. Dellums ask you a question?

Mr. DELLUMS. Thank you. One thing I wanted to say to the panel is that your point is well taken. I will simply underscore for emphasis that people's lack of presence here is not lack of interest. This is the last week and everybody is all over the map. This is a week from hell.

[Laughter.]

The CHAIRMAN. Thank you, very much.

Mr. DELLUMS. Mr. Doke, I would like to take advantage of your presence here just one more time and ask you to comment on a couple of things.

You have been listening to the testimony and I would like you to comment on this issue of bid protest and litigation as you have heard the various colloquys. And finally, you also, I notice, were lis-

taining very carefully to Mr. Hunter's exchange around the issue of specifications.

If you would comment to both of those areas I think this hearing would be rounded out, at least for this gentleman.

Mr. DOKE. Thank you, Mr. Dellums and Mr. Chairman, thank you for the opportunity.

By the way I neglected to ask you originally to accept my written statement into the record. I would hope you would do so.

The CHAIRMAN. Yes, sir, we will do that.

Mr. DOKE. All right.

First of all I want to comment about a lot of bids and receiving 100 bids. It does not take long to evaluate a bid at all. You can have 100 bids because the only thing you look at is the price and then after you find the low price then you see if it is a responsive bid.

So a proposal is a different thing because it may be a long document. That suggests that there is a big question of how long it takes? We ought to use more sealed bidding procedures rather than competitive negotiation procedures.

I also want to comment on the bid protest. Some of the statements about that were made by an earlier panel. A bid protest is valid only if there is an allegation of a violation of a law or a regulation. Questions of judgment are not within the jurisdiction of the bid protest forum, unless there is absolutely no basis to support it, no rational basis to support it. So we are not talking about reviewing the judgment and second-guessing someone unless it is so far out of field that it has no basis to support it.

I appreciate the concern of 6 hours of deposition. I happen to spend often 2 days when I am called to jury duty. I go to panels to be voir dired by lawyers. And I know I will never be selected because I am a lawyer but I do it because it is my duty and I am accountable to doing it, and so I believe the procurement officials also are accountable for their decisions.

Now, I would support limiting the time for deposition to considerably less than 6 hours with extensions only for cause. And I appreciate someone might be very concerned that they took longer than they thought it should take.

Ms. Preston—who is a good friend of mine and I respect her a lot—made two comments in her testimony to which I would like to reply. She said that it is almost impossible for one person in this big system to influence a procurement result. All I want to do is refer you respectively to the Latecoere decision that came out about a year ago in which the court of appeals said that four people on the evaluation panel came back and, to use the court's phrase, cooked the books. Because a senior person wanted a different person to win and said that they cheated and included the source selection authority for doing that. That decision is cited in my written material.

And then Ms. Preston also said that there is no problem or we should not worry so much about bid protest because decisions must be documented and you will have records of what was taken into account. I would like to refer you to the GE Government Services case that was decided in the District of Columbia about 2 years ago in which one of the procurement officials was having sexual rela-

tions with the incumbent contractor and when another employee of the incumbent contractor denied his sexual advances, he said well, it is about time your contract was terminated or you do not get the next one. And they were denied the next one.

That type of thing does not get into the record and it can come out though in bid protest cases where the competitors often know what is going on and it can be surfaced through the system. In public contracting we do need accountability. And I certainly support sanctions for frivolous protests, and I support expediting the system but we do need the system in order to have that accountability.

There is an old expression that physicians bury their mistakes but lawyers meet them on the street. Well, the move to limit bid protests will result in Federal agencies burying their mistakes. The administrative judges do not have life tenure. They are appointed periodically, and that makes the difference in their decisions. And we should try to learn from our mistakes and not try to keep them from being surfaced. There never has been any significant effort, of which I am aware in 35 years, to analyze the bid protest decisions to see what is occurring, is there any pattern to try to have lessons learned, to have lesson plans to train our procurement officials so it does not happen again. That is what we need.

Mr. Justice Frankfurter said that sunlight is the best disinfectant and I believe that is the best way to disinfect our procurement system to get the birds up in the air, as we say in Texas.

With respect to Congressman Hunter's comment, I never said that we needed strong specifications. I did not say we needed big specifications, or we needed detailed specifications. I just said we need clear specifications and not ambiguous. We need to train people to write them properly. That is what causes so many protests.

He also brought up the idea it would be terrible to have to advertise and let everyone in the world bid on building a house. Full and open competition does not require seeking out everyone in the country to bid. You only have to give notice. I happen to be procurement counsel for the Dallas Area Rapid Transit Authority, a government agency. Its statute requires full and open competition. We just advertise in the local newspaper which complies with that requirement, but anybody in the country that is interested in working in Dallas for the Dallas Area Rapid Transit Authority can follow the Dallas Morning News and see if it wants to come in and ask for a solicitation.

Full and open competition just means that you cannot exclude someone if they want to compete. It does not mean that you have to go out and bring them all in and force them to compete. And even today, you can have rotating bidding systems where you do not have to have everybody that wants to bid, bid in each case, at least be expressly solicited.

So we have methods to handle all that. So, I appreciate the opportunity to comment on the statements that were made earlier, Mr. Chairman, and Mr. Dellums.

Mr. DELLUMS. Thank you.

Mr. Mulcahy, you might comment as well?

Mr. MULCAHY. Yes, if I may. Support to Mr. Doke and Colleen Preston and Dr. Kelman. The intelligence community which is dif-

ferent than the DOD, right? I think through the procurement process probably right, and even since I am part of that community also. Where they will go out to maybe 10 prospective bidders, 8 to 10 that are qualified and then ask them for a qualification document, not more than 10 pages. And in there they relate their past experience, their quality, their way to do the job. And then they select down to three to five, at the most, probably. And now they have selected a core group that are qualified to do the job.

DOD advertises in the Commerce Business Daily and like Mr. Doke was saying there will be 80 bidders, 50 bidders, and if they want to bid on it that is there prerogative. But normally the Government then has to evaluate, or I do not know exactly how, all those bids and proposals. So I feel there is a happy medium between the intelligence community process of competition and procurement and that of the Department of Defense. And hopefully they can work it out together.

The CHAIRMAN. There, again, I appreciate both of you and your contribution. Mr. Doke, I can see why you are the president-elect of your organization. You do a good job and lawyers do have a place to play in all of this. I happen to be one myself and I have to hire about three lawyers to help me do what I do. And so that is part of our culture. I reckon being lawyers, we have to keep these things going.

Again, thank you, very much, and I apologize for keeping you this late. The meeting is adjourned.

[Whereupon, at 1:35 p.m., the committee was adjourned.]







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Better than the Defense Department probably right now. And I think that's also where they will go. They will go to the Defense Department, and there they will have to go through a qualification document, and more than likely it will be a document that has post-experience, the quality, they can do the job. And then they will just choose between five, at the most, probably. And now they have selected one group that are qualified to do the job.

That's according to the Chamber Business Daily, and like Mr. DeLois was saying, we will have 100 lawyers, 50 binders, and if they want to add more that is their prerogative. But normally the Government would like to work with, or I do not know exactly how, all those individuals, probably. So I feel there is a happy medium between the intelligence community process of competition and preservation, and that is the Department of Defense. And hopefully they can work them together.

The Chairman. Thank you, Mr. Dorn. I appreciate both of you and your contribution. Mr. Dorn, I can see that you are the president-chair of your organization. You do a good job and lawyers do have a place to move in all of time. I happen to be one myself and I have to have about three lawyers to help me do what I do. And, as that is part of our culture, I reckon being lawyers, we have to keep those things going.

Again, thank you very much, and I apologize for keeping you this late. The meeting is adjourned.

(Whereupon, at 4:35 p.m., the committee was adjourned.)

ISBN 0-16-054381-9



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